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DL HOLDINGS GROUP LIMITED

德林控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1709)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

The board (the “Board”) of Directors (the “Directors”) of DL Holdings Group Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to announce the unaudited interim results of the Group for the six months ended 30 September 2020 together with the comparative unaudited figures for the six months ended 30 September 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

		For the six months ended 30 September	
	<i>Notes</i>	2020	2019
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	5	168,790	132,746
Cost of sales	6	(114,322)	(122,630)
Gross profit		54,468	10,116
Other gains/(losses), net	7	56,489	(37,311)
Selling expenses	6	(7,418)	(3,531)
General and administrative expenses	6	(31,792)	(16,499)
Expected credit loss of receivables		(946)	–
Operating profit/(loss)		70,801	(47,225)
Finance income		2	4
Finance costs	9	(103)	(123)
Finance costs, net		(101)	(119)
Profit/(Loss) before income tax		70,700	(47,344)
Income tax expense	10	(4,429)	(130)
Profit/(Loss) and total comprehensive income/(expense) for the period attributable to owners of the Company		66,271	(47,474)
Basic and diluted earnings/(loss) per share attributable to owners of the Company (expressed in HK cents per share)	12	5.15	(4.22)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

		As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	2,665	2,424
Right-of-use assets	13	11,684	4,664
Intangible assets		12,248	12,248
Goodwill		373	373
Deferred tax assets		832	832
Deposits	14	1,955	1,955
Financial assets at fair value through profit or loss	16	1,595	7,243
		<u>31,352</u>	<u>29,739</u>
Current assets			
Trade and bills receivables, deposits and other receivables	14	56,267	79,505
Loan and interest receivables	15	51,171	32,344
Amount due from a related company		1,370	–
Financial assets at fair value through profit or loss	16	168,560	–
Income tax recoverable		–	4,075
Cash and cash equivalents — trust		61,151	14,706
Cash and cash equivalents — general		122,940	50,745
		<u>461,459</u>	<u>181,375</u>
Current liabilities			
Trade, bills and other payables	18	144,387	34,606
Bank borrowings	19	–	6,362
Lease liabilities		4,626	4,594
Current tax liabilities		4,495	–
		<u>153,508</u>	<u>45,562</u>
Net current assets		<u>307,951</u>	<u>135,813</u>
Total assets less current liabilities		<u>339,303</u>	<u>165,552</u>

		As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
	<i>Notes</i>		
Non-current liabilities			
Lease liabilities		7,383	288
Provision for reinstatement cost	18	250	250
		7,633	538
Net assets		331,670	165,014
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	13,631	12,142
Other reserves		227,493	128,597
Retained earnings		90,546	24,275
Total equity		331,670	165,014

NOTES TO THE UNAUDITED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

1. GENERAL

DL Holdings Group Limited (the “Company”) was incorporated in the Cayman Islands on 11 May 2015 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company has established a place of business in Hong Kong at 5/F., AIA Financial Centre, 112 King Fuk Street, San Po Kong, Kowloon, Hong Kong. With effect from 30 October 2020, the place of business relocated to Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company and its subsidiaries (together the “Group”) are principally engaged in sales of apparel products with the provision of supply chain management total solutions to customers. Following the completion of the acquisition of DL Securities (HK) Limited (“DL Securities”) and DA Finance (HK) Limited (“DA Finance”) in November 2019, the Group commenced its business of provision of financial services of licensed businesses including financial advisory services, securities research, referral and brokerage services, margin financing services and provision of money lending services to customers. During the six months ended 30 September 2020, the Company commenced its business with provision of asset management services. The immediate holding company and the ultimate holding company of the Company is DA Wolf Investments I Limited (“DA Wolf”).

2. BASIS OF PREPARATION

The interim financial report for the six months ended 30 September 2020 (the “Interim Financial Report”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Interim Financial Report has been prepared under the historical cost convention and is presented in Hong Kong Dollars (“HK\$”), and all values are rounded to the nearest thousand except when otherwise indicated. It was authorised for issue on 18 November 2020.

The Interim Financial Report does not include all of the information and disclosures required in annual financial statements in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which comprises all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the HKICPA, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2020 (“2020 Annual Financial Statements”).

The preparation of the Interim Financial Report requires the Company’s management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the Interim Financial Report, the significant judgements made by the Company’s management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2020 Annual Financial Statements, except as disclosed in note 3.

The comparative condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period ended 30 September 2019 and the relevant explanatory notes disclosed in this Interim Financial Report have not been reviewed in accordance with Hong Kong Standard on Review Engagement (“HKSRE”) 2410.

3. ACCOUNTING POLICIES AND USE OF JUDGEMENTS AND ESTIMATES

3.1 Accounting policies

The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in 2020 Annual Financial Statements, except as described below:

Revenue recognition

Provision of asset management services

Asset management services to customers are recognised over time as the Group provides asset management services and the customers simultaneously receive and consume the benefit provided by the Group. The asset management income is charged at a fixed percentage per annum of the subscription amount.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods necessary to match them with the costs that the grants are intended to compensate. Government grants related to subsidy income from government for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.2 Use of judgements and estimates

In preparing the Interim Financial Report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2020 Annual Financial Statements except for the estimation of goodwill and intangible assets impairment.

Estimation of goodwill and intangible assets impairment

The Group tests annually whether goodwill and intangible assets has suffered any impairment in accordance with the accounting policy stated in note 2.16 in 2020 Annual Financial Statements. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates about future cash flows and discount rates. In the process of estimating expected future cash flows, management makes assumptions about future revenues and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amounts of goodwill and intangible assets within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors.

4. APPLICATION OF NEW OR AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2020

The Interim Financial Report for the six months ended 30 September 2020 have been prepared in accordance with the accounting policies adopted in 2020 Annual Financial Statements, except for the adoption of the following new and amended HKFRSs effective as of 1 April 2020. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

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

The application of the amended HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in this Interim Financial Report.

Issued but not yet effective HKFRSs

At the date of authorisation of this Interim Financial Report, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and Related Amendments ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁶
Amendments to HKFRS 9	Interest Rate Benchmark Reform — Phase 2 ²
HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵
Amendments to HKFRS 16	Covid-19-Related Rent Concessions ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁴
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ³
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 ³

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ Effective date not yet determined

⁶ Effective for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's Interim Financial Report.

5. REVENUE AND SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors (i.e. the chief operating decision-maker (“CODM”)) for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group’s major product and service lines. No operating segments identified by CODM have been aggregated in arriving at the reportable segments of the Group.

The Group has identified the following reportable and operating segments:

- Financial services of licensed business — provide finance advisory and securities brokerage services to the customers;
- Money lending services — provide equity pledge financing services and money lending services to the customers;
- Asset management services — provision of asset management services; and
- Sales of apparel products — sales of apparel products with the provision of supply chain management total solutions to customers.

Each of these reportable and operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm’s length prices.

The Group identified one reportable and operating segment which is sales of apparel products — sales of apparel products with the provision of supply chain management total solutions to customers for the six months ended 30 September 2019.

For the purposes of assessing segment performance and allocating resources between segments, the Group’s CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation, bank interest income, finance costs and expected credit loss (“ECL”) of trade and other receivables and loan and interest receivables of assets attributable to those segments. Changes in fair value of financial assets at fair value through profit or loss (“FVTPL”) (excluding financial assets at FVTPL in provision of asset management services segment) are not included in the result for each operating segment.

Segment assets include all assets with the exception of financial assets at FVTPL(excluding financial assets at FVTPL in asset management services segment) and deferred tax assets.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any segments and are not allocated to a segment.

Disaggregation of revenue from contracts with customers by major products or service lines and timing of revenue recognition are as follows:

	For the six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
— Provision of financial services of licensed business (<i>note (a)</i>)	99,731	—
— Provision of money lending services	1,944	—
— Sales of apparel products	67,115	132,746
	168,790	132,746
Disaggregated by timing of revenue recognition under HKFRS 15		
— Services provided over time	5,415	—
— Services provided at a point in time	94,316	—
— Goods transferred at a point in time	67,115	132,746
	166,846	132,746
Revenue from other source		
— Interest income from provision of money lending services	1,944	—
	168,790	132,746

Note a:

	For the six months ended	
	30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from provision of financial services of licensed business		
Services fee income from corporate finance advisory services	97,981	—
Net commission and brokerage income arising on securities dealing on the Stock Exchange	1,750	—
	99,731	—

The segment information provided to the CODM for the reportable segments for the six months ended 30 September 2020 is as follows:

	Financial services of licensed business HK\$'000 (unaudited)	Money lending services HK\$'000 (unaudited)	Asset management services HK\$'000 (unaudited)	Sales of apparel products HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue					
— From external customers	99,731	1,944	—	67,115	168,790
— Inter-segment revenue	99	—	—	—	99
Reportable segment revenue	99,830	1,944	—	67,115	168,889
Reportable segment profit/(loss)	30,415	1,325	59,756	(3,260)	88,236
Bank interest income	2	—	—	—	2
Depreciation of property, plant and equipment and right-of-use assets	(1,064)	—	—	(2,269)	(3,333)
ECL of					
— trade and other receivables	(38)	—	—	(411)	(449)
— loan and interest receivables	—	(497)	—	—	(497)
Finance costs	(11)	—	—	(92)	(103)

During the six months ended 30 September 2019, as the Group identified one reportable and operating segment — sales of apparel products with the provision of supply chain management total solutions to customers, segment disclosures were not presented.

	Financial services of licensed business HK\$'000	Money lending services HK\$'000	Asset management services HK\$'000	Sales of apparel products HK\$'000	Total HK\$'000
Reportable segment assets					
Balance at 30 September 2020 (unaudited)	153,513	56,721	189,009	72,937	472,180
Balance at 31 March 2020 (audited)	48,913	39,097	—	115,029	203,039
Reportable segment liabilities					
Balance at 30 September 2020 (unaudited)	106,466	—	10,350	41,107	157,923
Balance at 31 March 2020 (audited)	19,456	11	—	26,633	46,100

Reconciliations of reportable segment profit, assets and liabilities:

	For the six months ended 30 September 2020 HK\$'000 (unaudited)	
Profit		
Reportable segment profit		88,236
— Gain on sales of financial assets at FVTPL		138
— Fair value losses on financial assets at FVTPL		(5,644)
— Unallocated corporate income		91
— Unallocated corporate expenses		(12,121)
		<u>70,700</u>
Profit before income tax		<u>70,700</u>
	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
Assets		
Reportable segment assets, after elimination of inter-segment balances	472,180	203,039
— Financial assets at FVTPL	1,595	7,243
— Other corporate assets	18,204	—
— Deferred tax assets	832	832
	<u>492,811</u>	<u>211,114</u>
Consolidated total assets	<u>492,811</u>	<u>211,114</u>
	As at 30 September 2020 HK\$'000 (unaudited)	As at 31 March 2020 HK\$'000 (audited)
Liabilities		
Reportable segment liabilities, after elimination of inter-segment balances	157,923	46,100
— Other corporate liabilities	3,218	—
	<u>161,141</u>	<u>46,100</u>
Consolidated total liabilities	<u>161,141</u>	<u>46,100</u>

6. EXPENSES BY NATURE

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of goods sold	60,614	120,295
Cost of services	52,486	–
Sales commission	753	1,523
Incentive fee	87	146
Depreciation of property, plant and equipment	469	299
Depreciation of right-of-use assets	2,864	1,608
Short-term leases rentals in respect of		
— office	33	–
— staff quarter	–	396
— car park	106	103
— warehouse	–	300
Auditors' remuneration	250	600
Employee benefit expenses (<i>note 8</i>)	21,444	9,607
Entertainment and travelling expenses	2,539	349
Marketing expenses	1,177	–
Share options granted to external consultants	610	1,792
Consultancy fee	3,780	2,439
Other expenses	6,320	3,203
	<u>153,532</u>	<u>142,660</u>
Total cost of sales, selling expenses and general and administrative expenses		

7. OTHER GAINS/(LOSSES), NET

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Losses on sales of financial assets at FVTPL, net	(164)	(34,309)
Fair value gains/(losses) on financial assets at FVTPL, net	54,691	(3,510)
Dividend income from financial assets at FVTPL	297	268
Government grants (<i>note (a)</i>)	1,171	–
Exchange gain	488	–
Others	6	240
	<u>56,489</u>	<u>(37,311)</u>

Note a: Being the grants received from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme and other subsidy schemes under the Anti-epidemic Fund as launched by the Government of the Hong Kong Special Administrative Region.

8. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, bonus and other short-term employee benefits	13,158	6,955
Share options granted to directors and employees	7,864	2,477
Pension costs — defined contribution plans	422	175
	<u>21,444</u>	<u>9,607</u>

9. FINANCE COSTS

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expenses on bank borrowings	19	14
Interest on lease liabilities	84	109
	<u>103</u>	<u>123</u>

10. INCOME TAX EXPENSE

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax — Hong Kong	4,429	130
Total	<u>4,429</u>	<u>130</u>

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of the qualifying group entity will be taxed at 8.25% (six months ended 30 September 2019: 8.25%), and profits above HK\$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (six months ended 30 September 2019: 16.5%). The Group is not subject to taxation in the Cayman Islands or the British Virgin Islands.

11. DIVIDENDS

After the end of the reporting period, an interim dividend for the six months ended 30 September 2020 of HK\$0.0068 per ordinary share, amounting to approximately HK\$9,269,000, is declared by the Board at the board meeting of the Company. The 2020 interim dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

The Board did not recommend any payment of an interim dividend for the six months ended 30 September 2019.

12. EARNINGS/(LOSS) PER SHARE

12.1 Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	For the six months ended	
	30 September	
	2020	2019
	(unaudited)	(unaudited)
Profit/(loss) attributable to owners of the Company (<i>HK\$'000</i>)	66,271	(47,474)
Weighted average number of ordinary shares in issue (<i>'000</i>)	1,287,784	1,123,800
Basic earnings/(loss) per share (HK cents per share)	5.15	(4.22)

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been adjusted taking into account the shares repurchased for the six months ended 30 September 2020.

12.2 Diluted

For the six months ended 30 September 2020, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options since the exercise price of the share options exceeds the average market price. Therefore, the diluted earnings per share were equal to the basic earnings per share.

For the six months ended 30 September 2019, diluted loss per share were equal to the basic loss per share. The effect of the exercise of share options was not included in the calculation of diluted loss per share as they are anti-dilutive during the six months ended 30 September 2019.

13. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 September 2020, the Group purchased property, plant and equipment of approximately HK\$710,000 (six months ended 30 September 2019: HK\$389,000).

During the six months ended 30 September 2020, addition to right-of-use assets includes approximately HK\$7,024,000 due to renewal of two existing lease contracts of offices (six months ended 30 September 2019: Nil) and approximately HK\$2,860,000 (six months ended 30 September 2019: HK\$6,700,000) due to one new lease contract of office.

14. TRADE AND BILLS RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2020 <i>HK\$'000</i> (unaudited)	As at 31 March 2020 <i>HK\$'000</i> (audited)
Gross trade receivables (excluding receivables from margin services and corporate finance advisory services)	41,223	21,509
Gross trade receivables — margin services (<i>note (a)</i>)	4,148	7,712
Gross trade receivables — corporate finance advisory services	6,938	711
Gross bills receivable	—	1,924
Less: ECL allowance	(449)	—
	<hr/>	<hr/>
Trade and bills receivables, net of provision	51,860	31,856
Payment in advance to suppliers	1,954	3,918
Rental deposits	1,955	1,955
Prepayments	902	316
Other receivables and deposits (<i>note (b)</i>)	1,551	43,415
	<hr/>	<hr/>
Total trade and bills receivables, deposits and other receivables	58,222	81,460
Less: Non-current portion		
Long-term portion of rental deposits	(1,955)	(1,955)
	<hr/>	<hr/>
	<u>56,267</u>	<u>79,505</u>

Notes:

- (a) Trade receivables from margin services are secured by the client's pledged securities with undiscounted market value of approximately HK\$27,280,000 as at 30 September 2020 (31 March 2020 (audited): HK\$16,866,000), which can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. Trade receivables from margin services are repayable on demand and bear interest at commercial rates. There is no repledge of the collateral from margin clients during the six months ended 30 September 2020 (31 March 2020 (audited): Nil).
- (b) As at 31 March 2020, other receivables included cheque in transit in relation to the exercise of share options by respective option holders under the Share Option Scheme and the amount had been fully settled during the six months ended 30 September 2020.

The carrying amounts of trade and bills receivables, deposits and other receivables approximated their fair values.

The settlement terms of trade receivables, except for secured margin clients, arising from the business of dealing in securities are two days after trade date. In addition, the settlement terms of Hong Kong Securities Clearing Company Limited are two days after trade date. For the remaining trade receivables, the Group allows an average credit period of 90 days (six months ended 30 September 2019: 150 days) to its trade customers of other business.

No ageing analysis is disclosed for the Group's margin clients as these margin clients were carried on an open account basis, and only fall due on conditions or on demand by the Group. The directors of the Company consider that an ageing analysis does not give additional value in the view of the value of business of margin financing.

At 30 September 2020 and 31 March 2020, the ageing analysis of trade and bills receivables (except margin receivables), net of ECL allowance, based on invoice date is as follows:

	As at 30 September 2020 <i>HK\$'000</i> (unaudited)	As at 31 March 2020 <i>HK\$'000</i> (audited)
1 to 30 days	21,096	5,003
31 to 60 days	13,318	995
61 to 90 days	6,410	8,604
Over 90 days	6,888	9,542
	<u>47,712</u>	<u>24,144</u>

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. To measure the ECL, these receivables have been grouped based on shared credit risk characteristics and the ageing from billing.

The movement in the ECL allowance of trade receivables is as follows:

	For the six month ended 30 September 2020 <i>HK\$'000</i> (unaudited)	2019 <i>HK\$'000</i> (unaudited)
Balance at 1 April	–	–
ECL allowance recognised during the period	449	–
Balance at 30 September	<u>449</u>	<u>–</u>

15. LOAN AND INTEREST RECEIVABLES

Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management.

As at 30 September 2020 and 31 March 2020, all loan and interest receivables are not past due. All loan and interest receivables are matured within one year, based on maturity date, and denominated in HK\$.

	As at 30 September 2020 <i>HK\$'000</i> (unaudited)	As at 31 March 2020 <i>HK\$'000</i> (audited)
Loan receivables	50,100	31,900
Interest receivables	1,731	607
	<u>51,831</u>	<u>32,507</u>
Less: Provision for ECL on loan and interest receivables — Stage 1	(660)	(163)
Loan and interest receivables, net of provision	<u>51,171</u>	<u>32,344</u>

Loan receivables are unsecured, effective interest bearing from 7%–20% per annum (31 March 2020: 8%–20%) and repayable in fixed term agreed with customers. Interest receivables are unsecured, interest bearing from 0%–36% per annum (31 March 2020: 0%–36%) for default interest and repayable in fixed term agreed with customers. The maximum exposure to credit risk at each of the reporting date is the carrying value of the loan and interest receivables mentioned above.

	Loan receivables HK\$'000	Interest receivables HK\$'000	Total HK\$'000
Balance as at 1 April 2020 (audited)	31,740	604	32,344
New loan originated	23,000	1,625	24,625
Repayment of loan	(4,800)	(501)	(5,301)
Transfer to 12-month ECL (Stage 1)	(457)	(40)	(497)
	<u>49,483</u>	<u>1,688</u>	<u>51,171</u>
Balance as at 30 September 2020 (unaudited)	<u>49,483</u>	<u>1,688</u>	<u>51,171</u>

The movement in the ECL allowance of loan and interest receivables is as follows:

	For the six months ended 30 September	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Balance at 1 April	163	–
ECL allowance recognised during the period	497	–
	<u>660</u>	<u>–</u>
Balance at 30 September	<u>660</u>	<u>–</u>

For loans that are not credit-impaired and without significant increase in credit risk since initial recognition (“Stage 1”), ECL is measured at an amount equal to the portion of lifetime ECL that result from default events possible within the next 12 months. If a significant increase in credit risk since initial recognition is identified (“Stage 2”) but not yet deemed to be credit impaired, ECL is measured based on lifetime ECL. In general, when loans receivable or its related instalments are overdue by 30 days, there are significant increase in credit risk.

The directors consider that the fair values of loan and interest receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 September 2020 <i>HK\$'000</i> (unaudited)	As at 31 March 2020 <i>HK\$'000</i> (audited)
Non-current portion		
<i>Listed securities:</i>		
Equity securities — Hong Kong	1,595	7,243
Current portion		
<i>Listed securities:</i>		
Equity securities — Hong Kong	156,246	—
Equity securities — outside Hong Kong	12,314	—
	<u>168,560</u>	<u>—</u>
	<u>170,155</u>	<u>7,243</u>

Financial assets at FVTPL as at 30 September 2020 comprise:

- Equity securities of HK\$1,595,000 (31 March 2020: HK\$7,243,000) which are held for long-term investment.
- Equity securities of HK\$168,560,000 (31 March 2020: HK\$Nil) which are held in asset management services segment.

The fair values of financial assets at FVTPL are at Level 1 of the financial value hierarchy.

During the six months ended 30 September 2020, there were no transfer between Level 1 and Level 2, or transfer into or out of Level 3 (six months ended 30 September 2019: Nil).

17. SHARE CAPITAL

2020	Number of ordinary shares	Nominal value of ordinary shares HK\$
Authorised share capital of HK\$0.01 each		
As at 31 March 2020 and 30 September 2020	10,000,000,000	100,000,000
Issued and fully paid		
For the six months ended 30 September 2020		
As at 31 March 2020 and 1 April 2020 (audited)	1,214,145,000	12,141,450
Issuance of ordinary shares under Share Option Scheme (<i>note (a)</i>)	73,476,000	734,760
Subscription of shares (<i>note (b)</i>)	75,500,000	755,000
As at 30 September 2020 (unaudited)	1,363,121,000	13,631,210
2019	Number of ordinary shares	Nominal value of ordinary shares HK\$
Authorised share capital of HK\$0.01 each		
As at 31 March 2019 and 30 September 2019	10,000,000,000	100,000,000
Issued and fully paid		
As at 31 March 2019 (audited) and 30 September 2019 (unaudited)	1,123,800,000	11,238,000

Notes:

- (a) On 18 May 2020, 62,476,000 shares were issued at subscription price from HK\$0.425 to HK\$0.482 to respective option holders to their exercise of the option under the Share Option Scheme of the Company.

On 20 August 2020, 11,000,000 shares were issued at subscription price at HK\$0.9 to respective option holders to their exercise of the option under the Share Option Scheme of the Company.

- (b) On 30 June 2020, the Company and CMF Global Quantitative Multi-Asset SPC (“CMF Global”) entered into the subscription agreement, pursuant to which CMF Global has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 75,500,000 subscription shares at the subscription price of HK\$0.80 per subscription share. The subscription was completed on 31 July 2020. Under this subscription, the subscription shares shall rank *pari passu* in all respects among themselves and with the existing ordinary in issue at the date of the subscription.

18. PROVISION FOR REINSTATEMENT COST, TRADE, BILLS AND OTHER PAYABLES

	As at 30 September 2020 <i>HK\$'000</i> (unaudited)	As at 31 March 2020 <i>HK\$'000</i> (audited)
Trade and bills payables (excluding payables from securities dealing business)	30,900	11,662
Trade payables from securities dealing business (<i>note</i>)		
— Payables to margin clients	32,713	118
— Payables to cash clients	28,392	14,588
Contract liabilities	2,160	2,112
Provision for reinstatement cost	250	250
Accrued employee benefits expenses	532	523
Amount due to clearing house	36,312	—
Other payables	13,378	5,603
	<u>144,637</u>	<u>34,856</u>
Less: Non-current portion		
Provision for reinstatement cost	(250)	(250)
	<u>144,387</u>	<u>34,606</u>

Note: The directors of the Company considered that the fair values of trade payables from securities dealing business are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

No ageing analysis of payables arose from securities dealing business is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

The carrying amounts of trade, bills and other payables approximated their fair values. The Group was granted by its suppliers credit periods ranging from 30–60 days. Based on the invoice dates, the ageing analysis of the trade and bills payables (excluding payables from securities dealing business) were as follows:

	As at 30 September 2020 <i>HK\$'000</i> (unaudited)	As at 31 March 2020 <i>HK\$'000</i> (audited)
1 to 30 days	19,565	723
31 to 60 days	3,717	2,189
61 to 90 days	6,868	976
Over 90 days	750	7,774
	<u>30,900</u>	<u>11,662</u>
Total trade and bills payables (excluding payables from securities dealing business)	<u>30,900</u>	<u>11,662</u>

19. BANK BORROWINGS

At 31 March 2020, the bank borrowings were repayable within 1 year with the average interest rate per annum at 2.69%. The exposure of the bank borrowings to interest rate changes and the contractual repricing dates at the end of the year were 6 months or less.

At 31 March 2020, the bank borrowings were secured by corporate guarantee given by the Company and a subsidiary.

The carrying amounts of the bank borrowings as at 31 March 2020 were denominated in United States Dollars (“US\$”) and approximated their fair values.

During the six months ended 30 September 2020, all the bank borrowings had been repaid.

20. CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2020 and 31 March 2020.

21. COMMITMENTS

Subscription of membership interest in Carmel Reserve LLC (the “Target Company”)

On 21 August 2020, a wholly-owned subsidiary of the Company (the “Subscriber”), and the Target Company entered into the subscription agreement, pursuant to which the Target Company has conditionally agreed to issue and allot to the Subscriber, and the Subscriber has conditionally agreed to subscribe for not more than 28.5% of the issued share capital of the Target Company as enlarged by the subscription at the consideration of US\$5,000,000 (equivalent to approximately HK\$39,000,000).

As at 30 September 2020 and up to the reporting date, no consideration was paid. Please refer to the Company’s announcement dated on 11 June 2020 and 21 August 2020 for more details.

As at 30 September 2020 and 31 March 2020, the Group did not have any material short-term lease commitment.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group engages in (i) provision of financial services of licensed business including financial advisory services, securities research, referral and brokerage services and margin financing services, (ii) provision of money lending services, (iii) provision of asset management services and (iv) sales of apparel products with the provision of supply chain management total solutions to customers.

For the six months ended 30 September 2020, the Group recorded a significant increase in revenue of approximately 27.2% as compared with that for the six months ended 30 September 2019. The gross profit margin of the Group for the six months ended 30 September 2020 was 32.3% when compared to 7.6% for the six months ended 30 September 2019. The Group recorded a profit and total comprehensive income attributable to owners of the Company of approximately HK\$66.3 million for the six months ended 30 September 2020 as compared to a loss and total comprehensive expense attributable to owners of the Company of approximately HK\$47.5 million for the six months ended 30 September 2019. The turnaround from net loss to net profit was mainly attributable to (1) the expansion of the Group's existing business to the provision of financial services of licensed business and provision of money lending services ("Financial Services Business") which commenced in November 2019 and contribution of segment profit from the robust growth of new Financial Services Business of approximately HK\$31.7 million for the six months ended 30 September 2020; and (2) a net fair value gain on financial assets at FVTPL of approximately HK\$54.7 million for the six months ended 30 September 2020 as compared to losses on sales and net fair value losses on financial assets at FVTPL of approximately HK\$37.8 million for the six months ended 30 September 2019.

Provision of financial services of licensed business

For the six months ended 30 September 2020, the segment revenue for provision of financial services of licensed business was approximately HK\$99.7 million (30 September 2019: Nil) and segment profit was approximately HK\$30.4 million (30 September 2019: Nil). The increase in segment revenue and segment profit was attributable to the rapid expansion on the new financial services of licensed business including financial advisory services, securities research, referral and brokerage services and margin financial services which were acquired by the Group in November 2019.

Provision of money lending services

For the six months ended 30 September 2020, the segment revenue for provision of money lending services was approximately HK\$1.9 million (30 September 2019: Nil) and segment profit was approximately HK\$1.3 million (30 September 2019: Nil). The increase in segment revenue and segment profit was attributable to the stable development of money lending business which was acquired by the Group in November 2019.

Provision of asset management services

The Group is actively expanding its financial advisory and investment portfolio in order to strengthen its brand recognition and market exposure, as well as to produce additional and stable income streams to diversify risks and to increase return to the shareholders of the Company (the “Shareholders”). In May 2020, DJT Partners Limited, the Group’s wholly-owned subsidiary, has subscribed for and holds all the management shares of a private fund incorporated in the Cayman Islands.

For the six months ended 30 September 2020, the segment profit for provision of asset management services was approximately HK\$59.8 million (30 September 2019: Nil). The increase in segment profit was attributable to the fair value gain on the investment of the financial assets at FVTPL.

Sales of apparel products with the provision of supply chain management total solutions to customers

For the six months ended 30 September 2020, the segment revenue for sales of apparel products with the provision of supply chain management total solutions to customers decreased to approximately HK\$67.1 million from approximately HK\$132.7 million for the six months ended 30 September 2019, representing a decrease of approximately 49.4% and segment loss was approximately HK\$3.3 million, in which segment profit was approximately HK\$10.1 million for the six months ended 30 September 2019, representing a decrease of approximately 132.2%. The decrease in segment revenue and the increase in segment loss were due to the deterioration of garment business under the outbreaks of COVID-19 and international trade conflicts.

FINANCIAL REVIEW

Segment Information

The Group reported its financial information by four operating segments: (i) provision of financial services of licensed business including financial advisory services, securities research, referral and brokerage services and margin financing services; (ii) provision of money lending services; (iii) provision of asset management services and (iv) sales of apparel products with the provision of supply chain management total solutions to customers. The table below is an analysis of the Group’s revenue, segment profit/(loss) and segment profit/(loss) margin of its operation by segments for the six months ended 30 September 2019 and 2020.

	For the six months ended 30 September							
	2020		Segment		2019		Segment	
	Revenue	% of	Segment	profit/(loss)	Revenue	% of	Segment	Segment
	HK\$'000	revenue	profit/(loss)	margin	HK\$'000	revenue	profit	profit
			HK\$'000	(%)			HK\$'000	margin
								(%)
Financial services of licensed business	99,731	59.1	30,415	30.5	–	–	–	–
Money lending services	1,944	1.1	1,325	68.2	–	–	–	–
Asset management services	–	–	59,756	N/A	–	–	–	–
Sales of apparel products	67,115	39.8	(3,260)	(4.9)	132,746	100	10,116	7.6
Total	168,790	100	88,236		132,746	100	10,116	

Revenue

During the six months ended 30 September 2020, the Group's revenue amounted to approximately HK\$168.8 million, representing an increase of approximately HK\$36.0 million and 27.2% from approximately HK\$132.7 million for the six months ended 30 September 2019. This was mainly attributable to the contribution of segment revenue from the new Financial Services Business of approximately HK\$101.7 million and partially offset by the decrease of segment revenue generated from sales of apparel products of approximately HK\$65.6 million for the six months ended 30 September 2020.

Revenue derived from the new Financial Services Business amounted to approximately HK\$101.7 million (six months ended 30 September 2019: Nil). Revenue derived from sales of apparel products amounted to approximately HK\$67.1 million, representing a decrease of approximately 49.4% from approximately HK\$132.7 million for the six months ended 30 September 2019.

The Group's business in sales of apparel products with the provision of supply chain management total solutions to customers has been continuously affected by challenges globally including the coronavirus ("COVID-19") pandemic resulting in substantial bankruptcies of retailers worldwide as well as increased tensions in international trade relations.

Cost of sales

The Group's cost of sales primarily consists of cost of goods sold from sales of apparel products business, cost of services from provision of financial services of licensed business, employee benefit expenses and other direct costs. The cost of sales decreased to approximately HK\$114.3 million for the six months ended 30 September 2020 from approximately HK\$122.6 million for the six months ended 30 September 2019, representing a decrease of approximately 6.8%. The Group's cost of sales decreased along with the decrease in cost of sales of approximately HK\$59.7 million arising from the decrease in revenue of the sales of apparel products business and offset by cost of services from provision of financial services of licensed business of approximately HK\$52.5 million.

Gross profit and gross profit margin

The Group's gross profit increased to approximately HK\$54.5 million for the six months ended 30 September 2020 from approximately HK\$10.1 million for the six months ended 30 September 2019, representing a significant increase of approximately 438.4%. The Group's gross profit margin increased from approximately 7.6% for the six months ended 30 September 2019 to approximately 32.3% for the six months ended 30 September 2020. This was mainly due to the contribution of segment revenue from the new Financial Services Business of approximately HK\$101.7 million and partially offset by the decrease of segment revenue generated from sales of apparel products of approximately HK\$65.6 million for the six months ended 30 September 2020. The Group recorded a robust growth in its financial services of licensed business, which was mainly attributable to the Group's successful strategy of dividing its businesses into four operating segments and relying on the outstanding capabilities of its management team to expand its businesses and increase revenue.

Selling expenses

Selling expenses mainly consist of sales commission paid to external sales representatives and staff costs of in-house staff whose roles are mainly focused on sourcing new customers. Selling expenses increased to approximately HK\$7.4 million for the six months ended 30 September 2020 from approximately HK\$3.5 million for the six months ended 30 September 2019, representing a significant increase of approximately 110.1%. The increase in the Group's selling expenses was mainly attributable to the rapid expansion of new financial services of licensed business.

General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses, entertainment and travelling expenses, depreciation of property, plant and equipment, legal and professional fees and other miscellaneous general and administrative expenses. General and administrative expenses increased by approximately HK\$15.3 million, representing 92.7% increase to approximately HK\$31.8 million for the six months ended 30 September 2020 from approximately HK\$16.5 million for the six months ended 30 September 2019. Such increase was mainly due to the expansion of operation business for financial services leading to the increase in employee benefit expenses from approximately HK\$9.6 million for the six months ended 30 September 2019 to approximately HK\$21.4 million for the six months ended 30 September 2020 and the recognition of share-based payment expenses under share option scheme of approximately HK\$8.5 million for the six months ended 30 September 2020 as compared to approximately HK\$4.3 million for the six months ended 30 September 2019.

Profit/(loss) and total comprehensive income/(expense) attributable to owners of the Company

Profit and total comprehensive income attributable to owners of the Company was approximately HK\$66.3 million for the six months ended 30 September 2020 when compared to loss and total comprehensive expense attributable to owners of the Company of approximately HK\$47.5 million for the six months ended 30 September 2019, representing a significant increase of approximately HK\$113.7 million. It was mainly attributable to (i) the net fair value gains on financial assets at FVTPL of approximately HK\$54.7 million for the six months ended 30 September 2020 (six months ended 30 September 2019: net fair value loss of approximately HK\$3.5 million), and the net losses on sales of financial assets at FVTPL of approximately HK\$0.2 million for the six months ended 30 September 2020 (six months ended 30 September 2019: net losses of approximately HK\$34.3 million) and (ii) contribution of segment profits from the robust growth of the new Financial Services Business approximately HK\$31.7 million for the six months ended 30 September 2020.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 September 2020, the Group mainly financed its operations with its own working capital. As at 30 September 2020 and 31 March 2020, the Group had net current assets of approximately HK\$308.0 million and HK\$135.8 million respectively, including total cash and cash equivalents (both trust and general) of approximately HK\$184.1 million and HK\$65.5 million respectively. The Group's current ratio decreased from approximately 4.0 as at 31 March 2020 to approximately 3.0 as at 30 September 2020. Such decrease was mainly attributable to the increase in current assets particularly in the financial assets at FVTPL, increase in cash and cash equivalents and the increase in current liabilities during the six months ended 30 September 2020.

As at 30 September 2020, the Group has no bank borrowings as compared with approximately HK\$6.4 million as at 31 March 2020. As at 31 March 2020, all bank borrowings are denominated in United States Dollars and repayable within one year with the average interest rate per annum at 2.69%.

As at 31 March 2020, the bank borrowings were secured by corporate guarantee given by the Company and a subsidiary.

Gearing ratio is calculated by dividing total debts (including bank borrowings and lease liabilities) by total equity as at the end of the period. The Group's gearing ratio decrease from approximately 6.8% as at 31 March 2020 to approximately 3.6% as at 30 September 2020 which was mainly attributable to an increase in total equity during the six months ended 30 September 2020.

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's management performs ongoing credit evaluation of the financial conditions of the customers in order to reduce the Group's exposure of credit risk. Besides, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and commitments can meet its funding requirements.

COMMITMENTS

The Group's contractual commitments primarily related to the leases of its office premises, staff quarter and warehouse. The Group's short-term lease commitments amounted to approximately nil and HK\$4,000 as at 30 September 2020 and 31 March 2020 respectively. Save as those disclosed in this announcement and above, the Group did not have any material commitments as at 30 September 2020 (31 March 2020: nil).

CAPITAL STRUCTURE

The capital structure of the Group consists of (i) net cash and cash equivalents, and (ii) equity attributable to owners of the Group, comprising issued capital and other reserves.

As at 30 September 2020, the cash and cash equivalents of the Group were mainly held in Hong Kong Dollars.

Details of changes in the Company's share capital are set out in note 17 to this announcement of the Group.

SIGNIFICANT INVESTMENTS

As at 30 September 2020, the Group's financial assets at FVTPL, with market value of approximately HK\$170.2 million (31 March 2020: approximately HK\$7.2 million). The Board considers that the investments with market value as at 30 September 2020 accounting for more than 5% of the Group's total assets as at 30 September 2020 as significant investments.

For the six months ended 30 September 2020, the Group recognised net unrealised gain on financial assets at FVTPL of approximately HK\$54.7 million (six months ended 30 September 2019: net unrealised loss of approximately HK\$3.5 million) and net realised loss on financial assets at FVTPL of approximately HK\$0.2 million (six months ended 30 September 2019: net realised loss of approximately HK\$34.3 million).

Details of the significant financial assets at FVTPL as at 30 September 2020 were set out as follows:

Name of securities	As at 30 September 2020						For the six months ended 30 September 2020		As at 31 March 2020
	Investment cost HK\$'000	Approximate percentage of shareholding interest	Number of shares held '000	Fair value HK\$'000	Approximate percentage to the total assets of the Group	Approximate percentage to the total financial assets at FVTPL	Unrealised gain HK\$'000	Realised gain HK\$'000	Fair value HK\$'000
EEKA Fashion Holdings Limited ("EEKA Fashion")	72,680	1.19%	8,184	123,579	25%	72.6%	50,913	498	178

EEKA Fashion is a company listed in Hong Kong in which it and its subsidiaries are principally engaged in the design, promotion, marketing and sale of the self-owned branded ladies-wear in the People's Republic of China (the "PRC"). For the six months ended 30 September 2020, approximately HK\$0.17 million dividend has been received from EEKA Fashion.

The Group adopts prudent and pragmatic investment strategies over its significant investment to generate investment return with a view to better utilise the capital and funds of the Group. Factors including but not limited to the investee's financial performance, prospect, dividend policy and associated risk of the investment were considered for investment decisions. Looking forward, the Board believes that the future performance of the listed investments held by the Group will be volatile and substantially affected by overall environment, equity market conditions, investor sentiment and the business performance and development of the investee companies.

Save as those disclosed in this announcement, the Group currently has no other plan for material investments and capital assets as of 30 September 2020.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 21 August 2020, DL Investment Holdings US, LLC, a wholly-owned subsidiary of the Company (the "Subscriber"), and Carmel Reserve LLC (the "Target Company") entered into a subscription agreement. The Target Company is an associate of Ms. Jiang Xinrong, the chairman of the Company (the "Chairman") and executive Director and Mr. Chen Ningdi, the executive Director and chief executive officer of the Company. As such, the Target Company is a connected person of the Company. Pursuant to the subscription agreement, the Target Company has conditionally agreed to issue and allot to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, 27.06% of the interest in the Target Company as a class B member as enlarged by the subscription in two tranches at the consideration of US\$5,000,000 (equivalent to approximately HK\$39,000,000) which represents a post-money enterprise value of the Target Company of approximately US\$35,000,000 (equivalent to approximately HK\$273,000,000). The consideration is expected to be satisfied by a combination of cash and the issuance of promissory note(s) by the Company.

Save as the disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures for the six months ended 30 September 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 30 September 2020. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Rules (the "Listing Rules") Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as and when appropriate.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2020 and 31 March 2020.

FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency risk primarily related to Hong Kong Dollars ("HK\$"), Renminbi ("RMB") and United States Dollars ("US\$"). As at 30 September and 31 March 2020, foreign exchange risk on financial assets and liabilities denominated in US\$ and RMB was insignificant to the Group. Although the Group's revenue and major expenses are mainly in US\$, which is the functional currency of the Group, as HK\$ is pegged to US\$, the Group does not expect any significant movement in the US\$/HK\$ exchange rate. The Group does not undertake any foreign currency hedging and does not use any financial instrument for hedging purposes currently.

PLEDGE OF ASSETS

As at 30 September 2020, the Group did not pledge any of its assets (31 March 2020: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2020 and 2019, the Group employed a total of 71 and 26 full-time employees respectively. The Group's employee benefit expenses mainly included salaries, wages, other staff benefits and contributions to retirement schemes. For the six months ended 30 September 2020 and 2019, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$21.4 million and HK\$9.6 million respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to basic salary, year-end bonuses, share options and/or share awards would be discretionarily offered to employees in accordance with their performance. The Group also provides on-the-job training to employees.

FUTURE PROSPECTS

Despite the impact of the COVID-19 outbreak and international trade conflicts on the global economy, the Group believes that opportunities outweigh challenges in future.

On the one hand, the traditional apparel sales and supply chain business is facing even greater challenges resulting from the difficult economic outlook and the continuing rise in costs associated with geo-political pressures uncertainties due to US-China trade conflicts. On the other hand, as the pandemic slowed down in the PRC, the economic recovery in the PRC accelerates with further increase in capital demand and liquidity. Given the homecoming listings of China concepts stocks, the financial industry in Hong Kong has shown good prospects and the Directors believes that there will be significant growth potential. With the outstanding management and seasoned professionals of the Group, it is believed that the Group is well-positioned to grasp development opportunities to expand business portfolio in order to maximize returns for Shareholders.

Overall, in the face of the complex international economic and social situation, the Group will focus more on the construction and maintenance of a friendly-activist investment platform. Looking forward, the Group is optimistic that the Financial Services Business will become a key revenue driver of the Group. The Group will continue to identify business partners and other investment opportunities in respect of the Financial Services Business to expand its investment portfolio, valuable assets and income streams to maximize returns for Shareholders with an aim to drive sustainable growth of the Group.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("CG Code"). The Board and the management of the Company are committed to maintaining and achieving a high standard of corporate governance practices with an emphasis on a quality Board, an effective accountability system and a healthy corporate culture in order to safeguard the interests of the Shareholders and enhance the business growth of the Group.

During the six months ended 30 September 2020, the Company has complied with all the code provisions as set out in the CG Code, except the following:

Under code provision E.1.2 of the CG Code, the chairman of the board of director should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend. Due to other business engagements, Ms. Jiang Xinrong, the Chairman and the chairman of the nomination committee of the Company, did not attend the annual general meeting of the Company held on 29 September 2020.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors by the Company, all Directors confirmed that they have complied with the required standard of dealings and the Company's code of conduct concerning securities transactions by the Directors for the six months ended 30 September 2020.

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of HK\$ 0.0068 per share of the Company (the "Shares") for the six months ended 30 September 2020 to the Shareholders whose names appear on the Company's register of members on 11 December 2020. The interim dividend is expected to be paid on 24 December 2020.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of the Shareholders to receive the interim dividend, the register of members of the Company will be closed from 8 December 2020 to 11 December 2020, both days inclusive, during which period no transfer of Shares will be registered. All transfer documents, accompanied by the relevant share certificates, shall be lodged with the Company's share registrars in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on 7 December 2020 for registration.

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then Shareholders on 22 September 2015 (the "Share Option Scheme"). The purpose of the Share Option Scheme is to enable the Company to grant options to 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 eligible participants of the Share Option Scheme include 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, has contributed or may contribute to the Group.

During the six months ended 30 September 2020, the Company granted 54,500,000 share options under the Share Option Scheme. As at 30 September 2020, the Company had 43,500,000 share options (31 March 2020: 62,476,000 share options) outstanding under the Share Option Scheme.

SHARE AWARD SCHEME

A share award scheme was adopted by the Company on 8 September 2020 (the "Share Award Scheme"). The Share Award Scheme is (i) to recognise the contributions by the participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Share Award Scheme shall be subject to administration of the Board and DL Securities (HK) Limited, the trustee in accordance with the rules of the Share Award Scheme and the trust deed in relation thereto.

The eligible participants of the Share Award Scheme include any employee (including without limitation any executive director) of any member of the Group, any non-executive director or proposed non-executive director (including independent non-executive director) of any member of the Group or any entity in which any member of the Group holds any equity interest (the "Invested Entity"), any customer of the Group or any Invested Entity, any person or entity that provides or will provide research, development, consultancy, advisory services or other technological support to the Group or any Invested Entity, any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity, any other group or class of

participants from time to time determined by the Directors as having contributed or may contribute by way of joint venture, business alliances, consultancy, advisory services or other business arrangements to the development and growth of the Group and any person or entity, who, at the sole determination of the Directors, has contributed to the Group.

During the six months ended 30 September 2020, the Company did not grant any share award under the Share Award Scheme. As at 30 September 2020, the Company had 8,702,000 share held under the Share Award Scheme (31 March 2020: nil).

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

During the six months ended 30 September 2020, save for the Shares purchased by DL Securities (HK) Limited, a subsidiary of the Company, as trustee and for the purpose of the Share Award Scheme, the Company and its subsidiaries did not purchase, sell or redeem any of its Shares listed on the Stock Exchange.

ISSUE OF SECURITIES AND USE OF PROCEEDS

On 30 June 2020, the Company entered into the subscription agreement with CMF Global Quantitative Multi-Asset SPC — CMF FS Asia Equity Opportunity SP, as subscriber, pursuant to which the subscriber conditionally agreed to subscribe for, and the Company conditionally agreed to issue 75,500,000 new ordinary shares with an aggregate nominal value of HK\$755,000 under the general mandate of the Company at the subscription price of HK\$0.80 per share. The reason for the subscription was to strengthen the capital base of the Company and optimize the Shareholder structure of the Company. The net proceeds from the subscription amounted to approximately HK\$60.15 million and the net price per subscription share was approximately HK\$0.797. The market closing price per Share on the date the subscription agreement was entered into was HK\$0.81. The subscription was completed on 31 July 2020.

As at 30 September 2020, the net proceeds had been applied as follows:

Intended and actual use of the net proceeds	Utilised net proceeds as at 30 September 2020	
	Allocation (HK\$ million)	2020 (HK\$ million)
Expansion of its financial services business by further subscribing for the participating shares in Cayman private fund established by a wholly-owned subsidiary	50.00	50.00
Strengthening the sales and distribution network of the financial services business of the Group	10.15	3.11
Total	60.15	53.11

The remaining net proceeds are expected to be utilised on or before 31 March 2021.

CHANGE OF HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG AND COMPANY WEBSITE

With effect from 30 October 2020, the head office and principal place of business in Hong Kong of the Company was relocated to Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong and the website of the Company was changed from “www.seasonpacific.com” to “https://www.dlglobalholdings.com”.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established on 22 September 2015. The terms of reference of the Audit Committee are available at the websites of the Stock Exchange and the Company.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of external auditor, review the financial statements and significant financial reporting judgement, and oversee financial reporting system, risk management and internal control systems of the Group.

For the six months ended 30 September 2020, the Audit Committee consisted of three members, namely Mr. Chang Eric Jackson (chairman of the Audit Committee), Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) and Mr. Liu Chun, all being independent non-executive Directors. No member of the Audit Committee is a member of the former or existing independent auditor of the Company. The unaudited condensed consolidated financial statements of the Company for the six months ended 30 September 2020 have been reviewed by the Audit Committee. Grant Thornton Hong Kong Limited, the Group’s auditor, has carried out a review of the Group’s unaudited condensed consolidated financial statements for the six months ended 30 September 2020, which is prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board
DL Holdings Group Limited
Jiang Xinrong
Chairman & Executive Director

Hong Kong, 18 November 2020

As at the date of this announcement, the executive Directors are Ms. Jiang Xinrong and Mr. Chen Ningdi; the non-executive Directors are Mr. Chan Kwun Wah Derek and Mr. Li Ren; and the independent non-executive Directors are Mr. Chang Eric Jackson, Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) and Mr. Liu Chun.