



DL HOLDINGS GROUP LIMITED 德林控股集團有限公司

(formerly known as Season Pacific Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1709



2020/2021

Interim Report



CONTENTS

| | |
|--|----|
| Independent Review Report | 2 |
| Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income | 4 |
| Condensed Consolidated Statement of Financial Position | 5 |
| Condensed Consolidated Statement of Changes in Equity | 7 |
| Condensed Consolidated Statement of Cash Flows | 8 |
| Notes to the Unaudited Interim Financial Report | 9 |
| Management Discussion and Analysis | 42 |
| Other Information | 50 |

INDEPENDENT REVIEW REPORT

To the shareholders of DL Holdings Group Limited

(incorporated in Cayman Island with limited liability)

INTRODUCTION

We have reviewed the interim financial report of DL Holdings Group Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 4 to 41, which comprise the condensed consolidated statement of financial position as at 30 September 2020, and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34. Our responsibility is to express a conclusion on this interim financial report based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements (“HKSRE”) 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of this interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

OTHER MATTERS

Without qualifying our review conclusion, we draw attention to the fact that 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 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 HKSRE 2410.

INDEPENDENT REVIEW REPORT

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Level 12

28 Hennessy Road

Wanchai

Hong Kong

18 November 2020

Ng Ka Kong

Practising Certificate No.: P06919

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2020

| | Notes | For the six months ended 30 September | |
|--|-------|--|---------------------------------|
| | | 2020 HK\$'000 (unaudited) | 2019 HK\$'000 (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 | 10 | (103) | (123) |
| Finance costs, net | | (101) | (119) |
| Profit/(Loss) before income tax | | 70,700 | (47,344) |
| Income tax expense | 11 | (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) | 13 | 5.15 | (4.22) |

The notes on pages 9 to 41 are an integral part of this interim financial report.

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 | 14 | 2,665 | 2,424 |
| Right-of-use assets | 14 | 11,684 | 4,664 |
| Intangible assets | 15 | 12,248 | 12,248 |
| Goodwill | | 373 | 373 |
| Deferred tax assets | | 832 | 832 |
| Deposits | 16 | 1,955 | 1,955 |
| Financial assets at fair value through profit or loss | 18 | 1,595 | 7,243 |
| | | 31,352 | 29,739 |
| Current assets | | | |
| Trade and bills receivables, deposits and other receivables | 16 | 56,267 | 79,505 |
| Loan and interest receivables | 17 | 51,171 | 32,344 |
| Amount due from a related company | 23 | 1,370 | — |
| Financial assets at fair value through profit or loss | 18 | 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 |
| | | 461,459 | 181,375 |
| Current liabilities | | | |
| Trade, bills and other payables | 20 | 144,387 | 34,606 |
| Bank borrowings | 21 | — | 6,362 |
| Lease liabilities | | 4,626 | 4,594 |
| Current tax liabilities | | 4,495 | — |
| | | 153,508 | 45,562 |
| Net current assets | | 307,951 | 135,813 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 September 2020

| | Notes | As at 30 September 2020 HK\$'000 (unaudited) | As at 31 March 2020 HK\$'000 (audited) |
|---|-------|--|--|
| Total assets less current liabilities | | 339,303 | 165,552 |
| Non-current liabilities | | | |
| Lease liabilities | | 7,383 | 288 |
| Provision for reinstatement cost | 20 | 250 | 250 |
| | | 7,633 | 538 |
| Net assets | | 331,670 | 165,014 |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 19 | 13,631 | 12,142 |
| Other reserves | | 227,493 | 128,597 |
| Retained earnings | | 90,546 | 24,275 |
| Total equity | | 331,670 | 165,014 |

The condensed consolidated financial statements on pages 4 to 41 were approved by the board of Directors on 18 November 2020 and were signed on its behalf.

Ms. Jiang Xinrong
Executive Director

Mr. Chen Ningdi
Executive Director

The notes on pages 9 to 41 are an integral part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

| | Attributable to owners of the Company | | | | | | |
|--|---------------------------------------|---------------------------|---|--------------------------------------|--------------------------------|----------------------------------|-----------------------------|
| | Share capital HK\$'000 | Share premium HK\$'000 | Share held for share award scheme HK\$'000 | Share options reserve HK\$'000 | Capital reserve HK\$'000 | Retained earnings HK\$'000 | Total equity HK\$'000 |
| Balance at 1 April 2020 (audited) | 12,142 | 121,035 | – | 7,552 | 10 | 24,275 | 165,014 |
| Profit and total comprehensive income for the six months ended 30 September 2020 (unaudited) | – | – | – | – | – | 66,271 | 66,271 |
| <i>Transactions with owners in their capacity as owners</i> | | | | | | | |
| Share-based payments | – | – | – | 8,474 | – | – | 8,474 |
| Issuance of shares under Share Option Scheme (note 19) | 734 | 47,467 | – | (9,462) | – | – | 38,739 |
| Subscription of shares (note 19) | 755 | 59,645 | – | – | – | – | 60,400 |
| Repurchase of shares (note (a)) | – | – | (7,228) | – | – | – | (7,228) |
| Balance at 30 September 2020 (unaudited) | 13,631 | 228,147 | (7,228) | 6,564 | 10 | 90,546 | 331,670 |
| Balance at 1 April 2019 (audited) | 11,238 | 68,615 | – | 15,037 | 10 | 75,922 | 170,822 |
| Effect on adoption of HKFRS 16 | – | – | – | – | – | (238) | (238) |
| Balance at 1 April 2019, as adjusted (audited) | 11,238 | 68,615 | – | 15,037 | 10 | 75,684 | 170,584 |
| Loss and total comprehensive expense for the six months ended 30 September 2019 (unaudited) | – | – | – | – | – | (47,474) | (47,474) |
| <i>Transactions with owners in their capacity as owners</i> | | | | | | | |
| Share-based payments | – | – | – | 4,269 | – | – | 4,269 |
| Balance at 30 September 2019 (unaudited) | 11,238 | 68,615 | – | 19,306 | 10 | 28,210 | 127,379 |

Note a:

In September 2020, the Company contributed approximately HK\$7,228,000 at an average price of HK\$0.83 per share for repurchases of 8,702,000 ordinary shares which are currently held under the share award scheme adopted on 8 September 2020. No share awards have been granted from this share award scheme as of 30 September 2020.

The notes on pages 9 to 41 are an integral part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

| | For the six months ended 30 September | |
|--|--|-----------------|
| | 2020 | 2019 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Operating activities | | |
| Cash generated from/(used in) operations | 33,453 | (13,967) |
| Income tax refund/(paid) | 4,141 | (1,225) |
| <i>Net cash generated from/(used in) operating activities</i> | 37,594 | (15,192) |
| Investing activities | | |
| Purchase of property, plant and equipment | (710) | (389) |
| Addition of financial assets at fair value through profit or loss | (6,938) | (29,656) |
| Proceeds from sales of financial assets at fair value through profit or loss | 7,076 | 28,335 |
| Short term lending | — | (8,000) |
| Dividends received | 297 | — |
| Increase in amount due from a related company | (1,370) | — |
| Interest received | 2 | 4 |
| <i>Net cash used in investing activities</i> | (1,643) | (9,706) |
| Financing activities | | |
| Proceeds from bank borrowings | — | 4,103 |
| Repayment of bank borrowings | (6,362) | (1,500) |
| Interest paid | (19) | (14) |
| Interest elements of lease rentals paid | (84) | (109) |
| Capital elements of lease rentals paid | (2,757) | (1,615) |
| Proceeds from issuance of shares upon shares subscription | 60,400 | — |
| Proceeds from issuance of shares upon exercise of share options | 38,739 | — |
| Repurchase of shares | (7,228) | — |
| <i>Net cash generated from financing activities</i> | 82,689 | 865 |
| Net increase/(decrease) in cash and cash equivalents | 118,640 | (24,033) |
| Cash and cash equivalents at beginning of the period | 65,451 | 52,284 |
| Cash and cash equivalents at the end of the period | 184,091 | 28,251 |

The notes on pages 9 to 41 are an integral part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

2. BASIS OF PREPARATION *(Continued)*

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 Engagements (“HKRE”) 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

3. ACCOUNTING POLICIES AND USE OF JUDGEMENTS AND ESTIMATES *(Continued)*

3.1 Accounting policies *(Continued)*

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

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 ¹ |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework ⁶ |
| Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform — Phase 2 ² |
| 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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

4. APPLICATION OF NEW OR AMENDED HKFRSs *(Continued)*

Issued but not yet effective HKFRSs *(Continued)*

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

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), deferred tax assets and other corporate 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 (note (a)) | 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 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

5. REVENUE AND SEGMENT INFORMATION (Continued)

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

5. REVENUE AND SEGMENT INFORMATION (Continued)

| | 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 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

5. REVENUE AND SEGMENT INFORMATION (Continued)

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) |
| Profit before income tax | 70,700 |

| | 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 |
| Consolidated total assets | 492,811 | 211,114 |

| | 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 | — |
| Consolidated total liabilities | 161,141 | 46,100 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

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 (note 8) | 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 |
| Total cost of sales, selling expenses and general and administrative expenses | 153,532 | 142,660 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

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 (note (a)) | 1,171 | — |
| Exchange gain | 488 | — |
| Others | 6 | 240 |
| | 56,489 | (37,311) |

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 |
| | 21,444 | 9,607 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

9. SHARE-BASED PAYMENTS

The Company has a share option scheme which was adopted on 22 September 2015 (the “Share Option Scheme”) whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, and other eligible grantees to take up options to subscribe for shares of the Company by payment of HK\$1 consideration upon acceptance. At the time of grant of the share options, the Company may specify any minimum period(s) for which an option must be held before it can be exercised. An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to early termination of the Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share in the Company.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

On 17 August 2020, the Group granted a total of 54,500,000 share options under the Share Option Scheme with no vesting period. Among the 54,500,000 share options, 41,500,000 of which has an exercise price of HK\$0.9 to subscribe for one ordinary share of the Company of HK\$0.01 each, and the remaining 13,000,000 of which has an exercise price of HK\$1 to subscribe for one ordinary share of HK\$0.01 each.

| Name | Position held/relationship with the Company | Number of share options granted |
|------------------------------|---|---------------------------------|
| Mr. Chen Ningdi (“Mr. Chen”) | Executive director | 5,500,000 |
| Mr. Li Ren (“Mr. Li”) | Non-executive director | 5,500,000 |
| Mr. Liu Chun (“Mr. Liu”) | Independent non-executive director | 3,000,000 |
| Employees | Not applicable | 36,000,000 |
| External consultants | Not applicable | 4,500,000 |

The above exercise price is not lower than the highest of (i) the closing price of HK\$0.88 per share as quoted in the Stock Exchange's daily quotation sheet on the grant date; (ii) the average closing price of HK\$0.876 per share as quoted in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the grant date; and (iii) the nominal value of HK\$0.01 per share.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

9. SHARE-BASED PAYMENTS (Continued)

On 15 August 2019, the Group granted a total of 52,821,000 share options under the Share Option Scheme with no vesting period. Among the 52,821,000 share options, 32,591,000 of which has an exercise price of HK\$0.476 to subscribe for one ordinary share of the Company of HK\$0.01 each and the remaining 20,230,000 of which has an exercise price of HK\$0.5 to subscribe for one ordinary share of HK\$0.01 each.

| Name | Position held/relationship with the Company | Number of share options granted |
|---------------------------------|---|---------------------------------|
| Ms. Jiang Xinrong ("Ms. Jiang") | Executive director | 10,115,000 |
| Mr. Yu Xiu Yang ("Mr. Yu") | the former Executive director | 11,238,000 |
| Mr. Li | Non-executive director | 11,238,000 |
| External consultants | Not applicable | 20,230,000 |

The above exercise price is not lower than the highest of (i) the closing price of HK\$0.46 per share as quoted in the Stock Exchange's daily quotation sheet on the grant date; (ii) the average closing price of HK\$0.476 per share as quoted in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the grant date; and (iii) the nominal value of HK\$0.01 per share.

As at 30 September 2020 and 2019, details of each share options granted are set out below:

| Date of grant | Option type | Exercisable period | Estimated option life | Exercise price HK\$ |
|-----------------|-------------|------------------------------------|-----------------------|------------------------|
| 27 October 2017 | 2017A | 27 October 2017 to 27 October 2027 | 3.4 years | 0.482 |
| 27 October 2017 | 2017B | 27 October 2017 to 27 October 2027 | 5 years | 0.482 |
| 27 October 2017 | 2017C | 27 October 2017 to 27 October 2027 | 10 years | 0.482 |
| 27 April 2018 | 2018 | 27 April 2018 to 27 April 2028 | 10 years | 0.425 |
| 15 August 2019 | 2019A | 15 August 2019 to 14 August 2022 | 3 years | 0.476 |
| 15 August 2019 | 2019B | 15 August 2019 to 14 August 2022 | 3 years | 0.500 |
| 17 August 2020 | 2020A | 17 August 2020 to 16 August 2023 | 3 years | 0.900 |
| 17 August 2020 | 2020B | 17 August 2020 to 16 August 2023 | 3 years | 1.000 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

9. SHARE-BASED PAYMENTS (Continued)

9.1 Movement in share options

Six months ended 30 September 2020 (unaudited)

| | Option type | Outstanding at 1 April | Granted during the period | Exercised during the period | Outstanding at 30 September |
|--------------------------|-------------|---------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Directors | | | | | |
| Mr. Li | 2019A | 11,238,000 | – | (11,238,000) | – |
| Mr. Li | 2020A | – | 5,500,000 | (5,500,000) | – |
| Mr. Chen | 2020A | – | 5,500,000 | (5,500,000) | – |
| Mr. Liu | 2020B | – | 3,000,000 | – | 3,000,000 |
| Sub-total | | 11,238,000 | 14,000,000 | (22,238,000) | 3,000,000 |
| Employee(s) of the Group | | | | | |
| | 2020A | – | 30,500,000 | – | 30,500,000 |
| | 2020B | – | 5,500,000 | – | 5,500,000 |
| Sub-total | | – | 36,000,000 | – | 36,000,000 |
| Other participants | | | | | |
| | 2017A | 10,000,000 | – | (10,000,000) | – |
| | 2017C | 10,000,000 | – | (10,000,000) | – |
| | 2018 | 20,000,000 | – | (20,000,000) | – |
| | 2019A | 11,238,000 | – | (11,238,000) | – |
| | 2020B | – | 4,500,000 | – | 4,500,000 |
| Sub-total | | 51,238,000 | 4,500,000 | (51,238,000) | 4,500,000 |
| Total | | 62,476,000 | 54,500,000 | (73,476,000) | 43,500,000 |

| | Outstanding at 1 April | Granted during the period | Exercised during the period | Outstanding at 30 September |
|---|---------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Weighted average exercise price per share (HK\$ (approximate)) | 0.462 | 0.924 | 0.527 | 0.930 |
| Weighted average remaining contractual life of options outstanding as at 30 September 2020 | | | | 2.88 years |
| Number of options exercisable as at 30 September 2020 | | | | 43,500,000 |
| Weighted average exercise price per share of options exercisable as at 30 September 2020 (HK\$) | | | | 0.930 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

9. SHARE-BASED PAYMENTS (Continued)

9.1 Movement in share options (Continued)

Six months ended 30 September 2019 (unaudited)

| | Option type | Outstanding at 1 April | Granted during the period | Exercised during the period | Outstanding at 30 September |
|---|-------------|---------------------------|---------------------------------|-----------------------------------|-----------------------------------|
| Directors | | | | | |
| Mr. Cheung Lui | 2017C | 10,000,000 | — | — | 10,000,000 |
| Ms. Luk Huen Ling Claire | 2018 | 10,000,000 | — | — | 10,000,000 |
| Ms. Jiang | 2019A | — | 10,115,000 | — | 10,115,000 |
| Mr. Yu | 2019A | — | 11,238,000 | — | 11,238,000 |
| Mr. Li | 2019A | — | 11,238,000 | — | 11,238,000 |
| Sub-total | | 20,000,000 | 32,591,000 | — | 52,591,000 |
| Employee(s) of the Group | | | | | |
| | 2017B | 10,000,000 | — | — | 10,000,000 |
| | 2018 | 10,000,000 | — | — | 10,000,000 |
| Sub-total | | 20,000,000 | — | — | 20,000,000 |
| Other participants | | | | | |
| | 2017A | 10,000,000 | — | — | 10,000,000 |
| | 2017C | 10,000,000 | — | — | 10,000,000 |
| | 2018 | 40,000,000 | — | — | 40,000,000 |
| | 2019B | — | 20,230,000 | — | 20,230,000 |
| Sub-total | | 60,000,000 | 20,230,000 | — | 80,230,000 |
| Total | | 100,000,000 | 52,821,000 | — | 152,821,000 |
| Weighted average exercise price per share | | | | | |
| (HK\$ (approximate)) | | 0.448 | 0.485 | — | 0.461 |
| Weighted average remaining contractual life | | | | | |
| of options outstanding as at 30 September 2019 | | | | | 6.48 years |
| Number of options exercisable as at | | | | | |
| 30 September 2019 | | | | | 152,821,000 |
| Weighted average exercise price per share of | | | | | |
| options exercisable as at 30 September 2019 (HK\$) | | | | | 0.461 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

9. SHARE-BASED PAYMENTS (Continued)

9.1 Movement in share options (Continued)

The share options outstanding at 30 September 2020 had exercise prices of HK\$0.9 to HK\$1 (30 September 2019: HK\$0.425 to HK\$0.5).

During the six months ended 30 September 2020, share-based payment expense in relation to share options granted to the directors (including executive director and non-executive director), employees and the external consultants were HK\$2,330,000, HK\$5,534,000 and HK\$610,000 (six months ended 30 September 2019: HK\$2,477,000, HK\$Nil and HK\$1,792,000) respectively and charged to the condensed consolidated statement of profit or loss and other comprehensive income.

9.2 Fair value of share options and assumptions

The fair values of the share options granted during the six months ended 30 September 2020 and 2019 are arrived at on the basis of a valuation carried out at the grant date by Roma Appraisals Limited and Avista Valuation Advisory Limited respectively. They were derived from Binomial Option Pricing Model by applying the following bases and assumptions:

| | For the six months ended 30 September 2020 Share options granted to | | | | |
|---|---|-----------|------------|-----------|-------------------------|
| | Mr. Chen and Mr. Li | Mr. Liu | Employees | | External consultants |
| Grant date | 17/8/2020 | 17/8/2020 | 17/8/2020 | 17/8/2020 | 17/8/2020 |
| Number of options granted | 11,000,000 | 3,000,000 | 30,500,000 | 5,500,000 | 4,500,000 |
| Option life (note (i)) | 3 years | 3 years | 3 years | 3 years | 3 years |
| Risk-free rate (note (ii)) | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% |
| Volatility (note (iii)) | 37.27% | 37.27% | 37.27% | 37.27% | 37.27% |
| Dividend yield | 0% | 0% | 0% | 0% | 0% |
| Fair value per share option at grant date (HK\$) | 0.1736 | 0.1399 | 0.1588 | 0.1254 | 0.1356 |
| Total fair value for each batch (HK\$) | 1,910,040 | 419,760 | 4,844,620 | 689,535 | 610,155 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

9. SHARE-BASED PAYMENTS *(Continued)*

9.2 Fair value of share options and assumptions *(Continued)*

| | For the six months ended 30 September 2019 | |
|--|---|-------------------------|
| | Share options granted to | |
| | Ms. Jiang, Mr. Yu and Mr. Li | External consultants |
| Grant date | 15/8/2019 | 15/8/2019 |
| Number of options granted | 32,591,000 | 20,230,000 |
| Option life (note (i)) | 3 years | 3 years |
| Risk-free rate (note (ii)) | 1.4% | 1.4% |
| Volatility (note (iii)) | 30.57% | 30.57% |
| Dividend yield | 0% | 0% |
| Fair value per share option at grant date (HK\$) | 0.0760 | 0.0886 |
| Total fair value for each batch (HK\$) | 2,477,000 | 1,792,000 |

Notes:

- (i) The option life was determined with reference to the expiry date of the Share Options Scheme and the estimation on expected retirement date of the respective individuals and probability of contract renewal with the external consultants by management.
- (ii) The risk-free rate was determined with reference to the yield of Hong Kong Government Exchange Fund Notes with a maturity life equal to the time to maturity of the share options at the grant date.
- (iii) The volatility of the share options was calculated based on the daily stock prices of the comparables Fund companies. The length of period approximately equals to the time to maturity of the share options at the grant date.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

9. SHARE-BASED PAYMENTS *(Continued)*

9.2 Fair value of share options and assumptions *(Continued)*

The fair values of the share options are subject to the limitations of the Binomial Option Pricing Model and a number of assumptions which are subjective and difficult to ascertain. Changes in the subjective input assumptions could materially affect the fair value estimate. The weighted average fair value of share options granted during the six months ended 30 September 2020 determined using the Binomial Option Pricing Model was HK\$0.155 per share option (six months ended 30 September 2019: HK\$0.081).

At 30 September 2020, the Company had 43,500,000 (30 September 2019: 152,821,000) share options outstanding under the Share Options Scheme, which represented approximately 3.19% (30 September 2019: 13.6%) of the Company's shares in issue at that date. Share options do not confer rights on the holders to dividends or to vote at shareholder's meetings.

10. FINANCE COSTS

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

11. INCOME TAX EXPENSE

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

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.

12. 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 as 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

13. EARNINGS/(LOSS) PER SHARE

13.1 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 | |
|---|---|---------------------|
| | (unaudited) | 2019 (unaudited) |
| Profit/(loss) attributable to owners of the Company (HK\$'000) | 66,271 | (47,474) |
| Weighted average number of ordinary shares in issue ('000) | 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.

13.2 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.

14. 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

15. INTANGIBLE ASSETS

Intangible assets related to the Securities and Futures Commission (the “SFC”) License Types 1, 4 and 6 and Money Lending License of the subsidiaries arose from acquisition of DL Securities (HK) Limited and DA Finance (HK) Limited respectively in November 2019.

| | SFC License Type 1, 4 and 6 HK\$'000 | Money Lending License HK\$'000 | Total HK\$'000 |
|---|---|---|-------------------|
| At 31 March 2020 | | | |
| Cost | 11,748 | 500 | 12,248 |
| Accumulated amortisation | — | — | — |
| Net book amount (audited) | 11,748 | 500 | 12,248 |
| For the six months ended 30 September 2020 | | | |
| Opening net book amount | 11,748 | 500 | 12,248 |
| Amortisation | — | — | — |
| Closing net book amount (unaudited) | 11,748 | 500 | 12,248 |
| At 30 September 2020 | | | |
| Cost | 11,748 | 500 | 12,248 |
| Accumulated amortisation | — | — | — |
| Net book amount (unaudited) | 11,748 | 500 | 12,248 |

In respect of the licenses which were allocated to the cash-generating units (“CGUs”) of the financial services of licensed business and money lending services acquired during the year ended 31 March 2020, the licenses have no foreseeable limit to the period over which the Group can use to generate net cash flows. The directors of the Company consider the licenses as having indefinite useful lives because they are expected to contribute to net cash inflows indefinitely. The licenses will not be amortised until their useful life are determined to be finite.

During the six months ended 30 September 2020, the Group reviewed the recoverable amounts of the licenses. No impairment loss has been recognised during the period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

15. INTANGIBLE ASSETS *(Continued)*

The recoverable amount of SFC License Types 1, 4 and 6, the intangible asset relating to the CGU of financial services of licensed business has been determined from value-in-use calculation based on cash flow projections from budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2.5%.

| | As at 30 September 2020 | As at 31 March 2020 |
|---|-------------------------------|---------------------------|
| Discount rate | 20.99% | 19.85% |
| Operating profit margin | 4%–8% | 4%–8% |
| Growth rate within the five-year period | 1.0% | 1.0% |

The discount rate used is pre-tax and reflect specific risks relating to the provision of financial services of licensed business. The operating margin and growth rate within the five-year period have been estimated based on management expectation and the result of the market research and prediction.

The recoverable amounts of the Money Lending License, the intangible asset relating to the CGU of money lending services has been determined from value-in-use calculation based on cash flow projections from budgets covering a five-year period. Cash flow beyond the five-year period are extrapolated using an estimated weighted average growth rate of 2.5%.

| | As at 30 September 2020 | As at 31 March 2020 |
|---|-------------------------------|---------------------------|
| Discount rate | 20.99% | 19.85% |
| Operating profit margin | 83% | 83% |
| Growth rate within the five-year period | 1.0% | 1.0% |

The discount rate used is pre-tax and reflect specific risks relating to the money lending business. The operating profit margin and growth rate within the five-year period have been estimated based on management expectation and the result of the market research and prediction.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

16. TRADE AND BILLS RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

| | As at 30 September 2020 HK\$'000 (unaudited) | As at 31 March 2020 HK\$'000 (audited) |
|--|--|--|
| Gross trade receivables (excluding receivables from margin services and corporate finance advisory services) | 41,223 | 21,509 |
| Gross trade receivables — margin services (note (a)) | 4,148 | 7,712 |
| Gross trade receivables — corporate finance advisory services | 6,938 | 711 |
| Gross bills receivable | — | 1,924 |
| Less: ECL allowance | (449) | — |
| 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 (note (b)) | 1,551 | 43,415 |
| 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) |
| | 56,267 | 79,505 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

16. TRADE AND BILLS RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

(Continued)

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

16. TRADE AND BILLS RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

(Continued)

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 HK\$'000 (unaudited) | As at 31 March 2020 HK\$'000 (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 |
| | 47,712 | 24,144 |

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 months ended 30 September 2020 HK\$'000 (unaudited) | 2019 HK\$'000 (unaudited) |
|--|---|---------------------------------|
| Balance at 1 April | — | — |
| ECL allowance recognised during the period | 449 | — |
| Balance at 30 September | 449 | — |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

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

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) |
| Balance as at 30 September 2020 (unaudited) | 49,483 | 1,688 | 51,171 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

17. LOAN AND INTEREST RECEIVABLES (Continued)

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

| | For the six months ended 30 September | |
|--|--|---------------------------------|
| | 2020 HK\$'000 (unaudited) | 2019 HK\$'000 (unaudited) |
| Balance at 1 April | 163 | — |
| ECL allowance recognised during the period | 497 | — |
| Balance at 30 September | 660 | — |

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | As at 30 September 2020 HK\$'000 (unaudited) | As at 31 March 2020 HK\$'000 (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 | — |
| | 168,560 | — |
| | 170,155 | 7,243 |

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).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

19. 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 (note (a)) | 73,476,000 | 734,760 |
| Subscription of shares (note (b)) | 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 (note 9) 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 (note 9) 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

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

| | As at 30 September 2020 HK\$'000 (unaudited) | As at 31 March 2020 HK\$'000 (audited) |
|--|--|--|
| Trade and bills payables (excluding payables from securities dealing business) | 30,900 | 11,662 |
| Trade payables from securities dealing business (note) | | |
| — 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 |
| | 144,637 | 34,856 |
| Less: Non-current portion | | |
| Provision for reinstatement cost | (250) | (250) |
| | 144,387 | 34,606 |

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

20. PROVISION FOR REINSTATEMENT COST, TRADE, BILLS AND OTHER PAYABLES *(Continued)*

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 HK\$'000 (unaudited) | As at 31 March 2020 HK\$'000 (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 |
| Total trade and bills payables (excluding payables from securities dealing business) | 30,900 | 11,662 |

21. 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

22. 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.

23. TRANSACTIONS AND BALANCE WITH A RELATED COMPANY

23.1 Transaction with a related company

Save as disclosed elsewhere in the Interim Financial Report, the Group had the following significant transactions with a related company during six months ended 30 September 2020 and 2019:

| | For the six months ended | |
|--|---------------------------------|-------------|
| | 30 September | |
| | 2020 | 2019 |
| | HK\$’000 | HK\$’000 |
| | (unaudited) | (unaudited) |
| Professional fee paid on behalf of a related company | 1,370 | — |

Professional fee paid on behalf of a related company of HK\$1,370,000 (six months ended 30 September 2019: Nil) were made to DL Global Holdings Limited, a company controlled by Mr. Chen and Ms. Jiang, the executive directors of the Company.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 September 2020

23. TRANSACTIONS AND BALANCE WITH A RELATED COMPANY *(Continued)*

23.2 Balance with a related company

| Name | Relationship | Name of directors having beneficial interest | Maximum amount outstanding during the period HK\$'000 | As at 30 September 2020 HK\$'000 (unaudited) | As at 31 March 2020 HK\$'000 (audited) |
|----------------------------|---|--|--|--|--|
| DL Global Holdings Limited | A company controlled by the executive directors | Mr. Chen and Ms. Jiang | 1,370 | 1,370 | — |

The amount due from a related company is unsecured, interest-free and repayable on demand.

23.3 Key management compensation

Key management includes directors (executive and non-executive), five highest paid individuals and other senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

| | For the six months ended 30 September 2020 HK\$'000 (unaudited) | | 2019 HK\$'000 (unaudited) |
|--|---|--|---------------------------------|
| Salaries, bonus and other short-term employee benefits | 5,845 | | 3,707 |
| Share-based payment expenses | 7,067 | | 2,477 |
| Pension costs — defined contribution plans | 148 | | 46 |
| | 13,060 | | 6,230 |

24. CONTINGENT LIABILITIES

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

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 | | | | 2019 | | | |
|---|---------------------------------------|-----------------|--------------------------------------|---|---------------------|-----------------|-------------------------------|------------------------------------|
| | Revenue HK\$'000 | % of revenue | Segment profit/(loss) HK\$'000 | Segment profit/(loss) margin (%) | Revenue HK\$'000 | % of revenue | Segment profit HK\$'000 | Segment profit 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 | |

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 report 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 19 to this report of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

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 report, the Group currently has no other plan for material investments and capital assets as of 30 September 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES

As at 30 September 2020, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong)) (the "SFO"), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions

| Name of Director(s) | Capacity/nature of interest | Number of Shares | Total | Approximate percentage of interest in the Company (Note 1) |
|------------------------------------|------------------------------------|-----------------------------|-------------|--|
| Ms. Jiang Xinrong ("Ms. Jiang") | Interest of controlled corporation | 222,418,000 (Note 2) | 684,855,395 | 50.24% |
| | Interest of spouse | 452,322,395 (Note 3 & 5) | | |
| | Beneficial owner | 10,115,000 (Note 4) | | |
| Mr. Chen Ningdi ("Mr. Chen") | Interest of controlled corporation | 446,822,395 (Note 3) | 684,855,395 | 50.24% |
| | Interest of spouse | 232,533,000 (Note 2 & 4) | | |
| | Beneficial owner | 5,500,000 (Note 5) | | |
| Mr. Li Ren ("Mr. Li") | Beneficial owner | 118,892,000 (Note 6) | 118,892,000 | 8.72% |
| Mr. Liu Chun ("Mr. Liu") | Beneficial owner | 3,000,000 (Note 7) | 3,000,000 | 0.22% |

OTHER INFORMATION

Notes:

1. Based on the total number of issued Shares as at 30 September 2020.
2. Rapid Raise Investments Limited ("Rapid Raise"), a company wholly owned by DL Global Holdings Limited ("DL Global"), of which approximately 30% of the issued share capital was held by Mr. Chen and approximately 36.6% of the issued share capital was held by Ms. Jiang, directly held 222,418,000 Shares, representing approximately 16.32% of all issued Shares as at 30 September 2020. Accordingly, Ms. Jiang was deemed to be interested in the 222,418,000 Shares held by Rapid Raise. By virtue of the SFO, Mr. Chen, being the spouse of Ms. Jiang, was deemed to be interested in all Shares held by Ms. Jiang.
3. DA Wolf directly owned 446,822,395 Shares, representing approximately 32.78% of all issued Shares of the Company as at 30 September 2020. Mr. Chen being the sole shareholder of DA Wolf was deemed to be interested in the 446,822,395 Shares held by DA Wolf. By virtue of the SFO, Ms. Jiang, being the spouse of Mr. Chen, was deemed to be interested in all Shares held by Mr. Chen.
4. These 10,115,000 Shares represented the shares held by Ms. Jiang. By virtue of the SFO, Mr. Chen, being the spouse of Ms. Jiang, was deemed to be interested in all Shares held by Ms. Jiang.
5. These 5,500,000 Shares represented the shares held by Mr. Chen. By virtue of the SFO, Ms. Jiang, being the spouse of Mr. Chen, was deemed to be interested in all Shares held by Mr. Chen.
6. These 118,892,000 Shares represented the Shares held by Mr. Li.
7. These 3,000,000 Shares represented the share options granted to Mr. Liu pursuant to the share option scheme of the Company.

Save as disclosed above, as at 30 September 2020, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors and chief executive of the Company are aware, at 30 September 2020, the interests or short positions of the corporations or persons (other than a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO were as follows:

Long positions

| Name | Capacity/nature of interest | Number of Shares Interested in or deemed To be interested | Approximate percentage of interest in the Company (Note 1) |
|---|------------------------------------|---|--|
| DA Wolf | Beneficial owner | 446,822,395 (Note 2) | 32.78% |
| DL Global | Interest of controlled corporation | 222,418,000 (Note 3) | 16.32% |
| Rapid Raise | Beneficial owner | 222,418,000 (Note 3) | 16.32% |
| CMF Global Quantitative Multi-Asset SPC — CMF FS Asia Equity Opportunity SP | Beneficial owner | 95,022,000 (Note 4) | 6.97% |

Notes:

1. Based on the total number of issued Shares as at 30 September 2020.
2. Please refer to note 3 to the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares, and Debentures" in this report for details.
3. Please refer to note 2 to the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares, and Debentures" in this report for details.
4. These 95,022,000 Shares represented the Shares beneficially owned by CMF Global Quantitative Multi-Asset SPC — CMF FS Asia Equity Opportunity SP.

Save as disclosed above, as at 30 September 2020, no person, other than a Director or chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares, and Debentures" above, had registered an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

OTHER INFORMATION

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 (the "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.

OTHER INFORMATION

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.

Details of movements in the share options under the Share Option Scheme during the six months ended 30 September 2020 are as follows:

| Category and name of grantee | Date of grant | Outstanding as at 1 April 2020 (Note 4) | Granted during the period (Note 4) | Exercised during the period | Cancelled during the period | Lapsed during the period | Outstanding as at 30 September 2020 (Note 4) | Exercise price per share | Share price prior to the grant of share options | Weighted average closing price of share before date of exercise of options | Exercise period |
|---------------------------------|-----------------|--|---------------------------------------|-----------------------------|-----------------------------|--------------------------|---|--------------------------|---|--|------------------------------------|
| Directors | | | | | | | | | | | |
| Mr. Chen (Note 1) | 17 August 2020 | – | 5,500,000 | (5,500,000) | – | – | – | HK\$0.90 | HK\$0.880 | HK\$0.88 | 17 August 2020 to 16 August 2023 |
| Mr. Li (Note 2) | 15 August 2019 | 11,238,000 | – | (11,238,000) | – | – | – | HK\$0.476 | HK\$0.460 | HK\$0.57 | 15 August 2019 to 14 August 2022 |
| | 17 August 2020 | – | 5,500,000 | (5,500,000) | – | – | – | HK\$0.90 | HK\$0.880 | HK\$0.88 | 17 August 2020 to 16 August 2023 |
| Mr. Liu (Note 3) | 17 August 2020 | – | 3,000,000 | – | – | – | 3,000,000 | HK\$1.00 | HK\$0.880 | N/A | 17 August 2020 to 16 August 2023 |
| Sub-total | | 11,238,000 | 14,000,000 | (22,238,000) | – | – | 3,000,000 | | | | |
| Employee(s) of the Group | | | | | | | | | | | |
| | 17 August 2020 | – | 30,500,000 | – | – | – | 30,500,000 | HK\$0.90 | HK\$0.880 | N/A | 17 August 2020 to 16 August 2023 |
| | 17 August 2020 | – | 5,500,000 | – | – | – | 5,500,000 | HK\$1.00 | HK\$0.880 | N/A | 17 August 2020 to 16 August 2023 |
| Supplier | 27 April 2018 | 10,000,000 | – | (10,000,000) | – | – | – | HK\$0.425 | HK\$0.425 | HK\$0.57 | 27 April 2018 to 27 April 2028 |
| Other participant(s) | 27 October 2017 | 20,000,000 | – | (20,000,000) | – | – | – | HK\$0.482 | HK\$0.470 | HK\$0.57 | 27 October 2017 to 27 October 2027 |
| | 27 April 2018 | 10,000,000 | – | (10,000,000) | – | – | – | HK\$0.425 | HK\$0.425 | HK\$0.57 | 27 April 2018 to 27 April 2028 |
| | 15 August 2019 | 11,238,000 | – | (11,238,000) | – | – | – | HK\$0.476 | HK\$0.460 | HK\$0.57 | 15 August 2019 to 14 August 2022 |
| | 17 August 2020 | – | 4,500,000 | – | – | – | 4,500,000 | HK\$1.00 | HK\$0.880 | N/A | 17 August 2020 to 16 August 2023 |
| Total | | 62,476,000 | 54,500,000 | (73,476,000) | – | – | 43,500,000 | | | | |

OTHER INFORMATION

Notes:

1. Mr. Chen is an executive Director.
2. Mr. Li is a non-executive Director.
3. Mr. Liu is an independent non-executive Director.
4. All granted options shall vest immediately upon date of grant.

Save as disclosed above, no share options were granted or exercised or cancelled or lapsed during the six months ended 30 September 2020.

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.

OTHER INFORMATION

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 | |
|--|------------------------------|-------------------------------------|
| | Allocation (HK\$ million) | 30 September 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.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director or any entity connected with any Director had a material interest, whether directly or indirectly, in any transactions, arrangement or contract of significance in relation to the business of the Group, to which the Company or any of its subsidiaries or its parent companies was a party, which subsisted during or at the end of the six months ended 30 September 2020.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the six months ended 30 September 2020 and up to the date of this interim report, none of the Directors or any of their respective close associates, engaged in any business that competes or might compete with the business of the Group, or had any other conflict of interest with the Group.

OTHER INFORMATION

NON-COMPETITION UNDERTAKING

The Company confirms that the non-competition undertaking dated 25 September 2015 and executed by Wise Manner Limited and Ms. Mang Ngai, details of which were set out in the Company's prospectus dated 29 September 2015 ("Prospectus"), has been fully complied with and enforced for the six months ended 30 September 2020. The Board also confirms that there are no other matters in relation to the aforesaid non-competition undertaking which should be brought to the attention of the Shareholders and the potential investors.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors subsequent to the date of the 2019/2020 annual report of the Company are set out below:

| Directors | Details of changes |
|--|---|
| Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley) | Resigned as independent non-executive director of China Shun Ke Long Holdings Limited, whose shares are listed on the Stock Exchange (stock code: 974), with effect from 27 July 2020 |
| Ms. Luk Huen Ling Claire | Resigned as independent non-executive Director with effect from 30 September 2020 |

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".

OTHER INFORMATION

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 report, 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.