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DA YU FINANCIAL HOLDINGS LIMITED

大禹金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1073)

## 2021 INTERIM RESULTS ANNOUNCEMENT

### INTERIM RESULTS

The Board of Directors (the “Board”) of Da Yu Financial Holdings Limited (the “Company”) announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2021 as below:

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

For the six months ended 30 June 2021

	Notes	Unaudited Six months ended 30 June	
		2021 HK\$'000	2020 HK\$'000
Revenue	3	22,077	34,649
Other net income	3	547	347
Other net financial loss		(7,370)	(589)
Employee benefit expense		(6,535)	(4,983)
Impairment losses on trade receivables		(214)	–
Administrative and other expenses		(10,933)	(10,977)
Finance costs		(59)	(32)
<b>(Loss)/profit before income tax</b>	5	<b>(2,487)</b>	18,415
Income tax credit/(expense)	6	34	(2,782)
<b>(Loss)/profit and total comprehensive (expenses)/ income for the period</b>		<b>(2,453)</b>	<b>15,633</b>
<b>(Loss)/earnings per share attributable to the owners of the Company (HK cents)</b>	7		
– Basic		(0.22)	1.37
– Diluted		(0.22)	1.37

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

		Unaudited As at 30 June 2021 <i>HK\$'000</i>	Audited As at 31 December 2020 <i>HK\$'000</i>
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		176	235
Goodwill	9	302,965	302,965
Intangible assets	10	73,239	79,963
Right-of-use assets		5,921	378
Other assets		200	–
		<u>382,501</u>	<u>383,541</u>
<b>Current assets</b>			
Contract assets		86	53
Trade and other receivables, deposits paid and prepayments	11	13,913	6,480
Amount due from a related company		5,023	31,659
Financial assets at fair value through profit or loss		3,602	9,186
Client trust bank balances	12	210,448	–
Cash and cash equivalents		113,027	84,016
		<u>346,099</u>	<u>131,394</u>
<b>Current liabilities</b>			
Contract liabilities		22,320	13,969
Trade and other payables and accrued expenses	13	218,795	14,906
Lease liabilities		3,744	390
Taxation payable		6,684	7,247
		<u>251,543</u>	<u>36,512</u>
<b>Net current assets</b>		<u>94,556</u>	<u>94,882</u>
<b>Total assets less current liabilities</b>		<u>477,057</u>	<u>478,423</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)***As at 30 June 2021*

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Non-current liabilities</b>		
Lease liabilities	2,196	–
Deferred tax liabilities	12,085	13,194
	<u>14,281</u>	<u>13,194</u>
<b>Net assets</b>	<u>462,776</u>	<u>465,229</u>
<b>EQUITY</b>		
<b>Equity attributable to the owners of the Company</b>		
Share capital	113,933	113,933
Reserves	348,843	351,296
	<u>462,776</u>	<u>465,229</u>
<b>Total equity</b>	<u>462,776</u>	<u>465,229</u>

# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are stated at fair value, as appropriate.

The accounting policies adopted in the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020, except for the adoption of the new/revised Hong Kong Financial Reporting Standard (“HKFRSs”) (which include individual HKFRSs, HKASs and Interpretations) as disclosed below.

### Adoption of New/Revised HKFRSs – effective 1 January 2021

In the current period, the Group has applied for the first time the following new/revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual financial period beginning on 1 January 2021.

Amendments to HKFRS 16

COVID-19-Related Rent Concessions

Amendments to HKAS 39, HKFRS 4, HKFRS 7,  
HKFRS 9 and HKFRS 16

Interest Rate Benchmark Reform – Phase 2

The adoption of these new/revised HKFRSs has no significant impact on the Group’s unaudited interim condensed consolidated financial statements.

### 3. REVENUE AND OTHER NET INCOME

All of the Group's revenue is derived from contracts with customers during the six months ended 30 June 2021 and 2020.

#### (a) Disaggregation of revenue

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Type of services</b>		
Advisory and related services	11,376	26,163
Asset management services	9,263	7,920
Securities and related services	910	–
Sundry income	528	566
	<u>22,077</u>	<u>34,649</u>
<b>Timing of revenue recognition</b>		
At a point in time	3,660	16,100
Transferred over time	18,417	18,549
	<u>22,077</u>	<u>34,649</u>

#### (b) Transaction price allocated to remaining performance obligations

As of 30 June 2021 and 31 December 2020, the aggregate amount of the transaction price allocated to the performance obligation that are unsatisfied (or partially unsatisfied) is approximately HK\$50,450,000 and approximately HK\$40,200,000 respectively. The transaction price does not include any estimated amounts of variable consideration, unless at the reporting date it is highly probable that the Group will satisfy the conditions of variable consideration. The Group expects to recognise the amount as revenue when the performance obligations are satisfied in coming 6 to 18 months, depending on the contract terms. The following table shows the time band for remaining performance obligations to be satisfied.

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Remaining performance obligations expected to be satisfied during:</b>		
the year ending 31 December 2021	25,250	40,200
the year ending 31 December 2022	25,200	–
	<u>50,450</u>	<u>40,200</u>
<i>(Note)</i>	<u>50,450</u>	<u>40,200</u>

*Note:*

The amount of remaining performance obligations above did not include a significant advisory transaction subject to conditions because according to its mandate, as at 30 June 2021:

- (i) there are uncertainties surrounding the actual amount to be received;
- (ii) the range for the final amounts to be received is wide, the worst of it being nil;
- (iii) the uncertainty about the amount of advisory entitlement fee is not expected to be resolved within a short period of time; and
- (iv) there is no substantial commercial reality to ascertain the amount of the advisory entitlement fee.

**(c) Other net income**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Sub-lease income and management income	<b>546</b>	–
Exchange gain/(loss), net	<b>1</b>	(4)
Government grant	–	351
	<hr/>	<hr/>
	<b>547</b>	<b>347</b>
	<hr/> <hr/>	<hr/> <hr/>

#### 4. SEGMENT INFORMATION

The Group's reportable and operating segments are as follows:

- (a) Corporate finance services, investment and others – provision of corporate finance advisory services including financial advisory services, services incidental to financial advisory, compliance advisory services, placing agency and/or underwriting services, investment business and others.
- (b) Asset management services – provision of asset management services including investment advisory services and sundry income derived from provision of the services.
- (c) Securities and related services – provision of securities broking, underwriting and placing of securities and investment in securities.

#### Segment revenue and results

	<b>Corporate finance services, investment and others</b> <i>HK\$'000</i>	<b>Asset management services</b> <i>HK\$'000</i>	<b>Securities and related services</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Unaudited</b>				
<b>Six months ended 30 June 2021</b>				
Revenue – external customers	11,376	9,791	910	22,077
Other net income ( <i>Note</i> )	–	–	547	547
Other net financial loss – all generated from proprietary trading	(6,879)	–	(491)	(7,370)
Reportable segment revenue	<u>4,497</u>	<u>9,791</u>	<u>966</u>	<u>15,254</u>
<b>Results</b>				
Reportable segment (loss)/profit before income tax	<u>(3,552)</u>	<u>2,752</u>	<u>(1,687)</u>	<u>(2,487)</u>
<b>Unaudited</b>				
<b>Six months ended 30 June 2020</b>				
Revenue – external customers	26,163	8,486	–	34,649
Other net income ( <i>Note</i> )	154	193	–	347
Other net financial loss – all generated from proprietary trading	(589)	–	–	(589)
Reportable segment revenue	<u>25,728</u>	<u>8,679</u>	<u>–</u>	<u>34,407</u>
<b>Results</b>				
Reportable segment profit before income tax	<u>13,379</u>	<u>5,036</u>	<u>–</u>	<u>18,415</u>

*Note:* Other net income generated from proprietary trading included in segment revenue under securities and related services for the six months period ended 30 June 2021 was gain of approximately HK\$1,000 (2020: included in segment revenue under corporate finance services, investment and others was loss of approximately HK\$4,000).

## Segment assets and liabilities

	<b>Corporate finance services, investment and others</b> <i>HK\$'000</i>	<b>Asset management services</b> <i>HK\$'000</i>	<b>Securities and related services</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Unaudited</b>				
<b>As at 30 June 2021</b>				
<b>Reportable segment assets and consolidated total assets</b>	<b>447,059</b>	<b>44,764</b>	<b>236,777</b>	<b>728,600</b>
<b>Reportable segment liabilities</b>	<b>34,834</b>	<b>1,967</b>	<b>221,323</b>	<b>258,124</b>
Unallocated: other payables, accrued expenses and taxation payable				<u>7,700</u>
Consolidated total liabilities				<u><b>265,824</b></u>
<b>Audited</b>				
<b>As at 31 December 2020</b>				
Reportable segment assets and consolidated total assets	<u>441,402</u>	<u>73,533</u>	<u>–</u>	<u>514,935</u>
Reportable segment liabilities	26,187	1,366	–	27,553
Unallocated: other payables, accrued expenses and taxation payable				<u>22,153</u>
Consolidated total liabilities				<u><b>49,706</b></u>

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments; and
- all liabilities are allocated to operating segments other than other payables, accrued expenses and taxation payable (except for other payables, accrued expenses and taxation payable attributable to securities and related services segment).

## Major customers information

Revenue from major customers, each of whom amounted to 10% or more of Group's revenue during the six months ended 30 June 2021 and 2020, is set out below:

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Customer A <sup>1</sup>	9,791	8,486
Customer B <sup>2</sup>	3,600	–
Customer C <sup>2</sup>	–	8,903
Customer D <sup>2</sup>	–	5,187
Customer E <sup>2</sup>	–	5,000
	<u>          </u>	<u>          </u>

<sup>1</sup> Revenue from Customer A is attributable to asset management services.

<sup>2</sup> Revenue from Customers B, C, D and E is attributable to corporate finance services, investment and others.

## Geographic information

The Group's operations are mainly located in Hong Kong and all the Group's non-current assets are located in Hong Kong.

## 5. (LOSS)/PROFIT BEFORE INCOME TAX

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
(Loss)/profit before income tax is arrived at after charging:		
Amortisation on intangible assets	6,724	7,562
Depreciation of		
– Owned property, plant and equipment	89	88
– Right-of-use assets	1,364	757
Employee benefit expense (including directors' emoluments)	6,535	4,983
Interest on lease liabilities	59	32
Impairment losses on trade receivables	214	–
	<u>          </u>	<u>          </u>

## 6. INCOME TAX CREDIT/(EXPENSE)

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the six months ended 30 June 2021 and 2020. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 (2020: HK\$2,000,000) of assessable profits of one subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits are taxed at 16.5% (2020: 16.5%).

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
Current tax		
– Hong Kong profits tax	(1,075)	(4,030)
Deferred tax	<u>1,109</u>	<u>1,248</u>
Income tax credit/(expense)	<u>34</u>	<u>(2,782)</u>

## 7. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

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

	Unaudited	
	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
<b>(Loss)/earnings</b>		
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share ((loss)/profit for the period attributable to the owners of the Company)	<u>(2,453)</u>	<u>15,633</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares in issue for the purpose of basic and diluted (loss)/earnings per share	<u>1,139,330,190</u>	<u>1,139,330,190</u>

There were no potential ordinary share in issue for the six months ended 30 June 2021 and 2020. Accordingly, the diluted (loss)/earnings per share presented are the same as the basic (loss)/earnings per share.

## 8. DIVIDEND

At a Board meeting held on 27 August 2021, the Board resolved not to declare an interim dividend for the period (2020: Nil).

## 9. GOODWILL

The amount of goodwill recognised as an asset is as follows:

	<i>HK\$'000</i>
<b>Cost</b>	
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	<u><u>302,965</u></u>
<b>Accumulated impairment</b>	
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	<u><u>–</u></u>
<b>Carrying amount</b>	
At 31 December 2020 (Audited)	<u><u>302,965</u></u>
At 30 June 2021 (Unaudited)	<u><u>302,965</u></u>

## 10. INTANGIBLE ASSETS

	Investment management agreement <i>HK\$'000</i>	Backlog <i>HK\$'000</i>	Trade name <i>HK\$'000</i>	Securities and Futures Commission licences <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost</b>					
At 1 January 2020	15,560	15,705	69,044	3,740	104,049
Derecognition upon contract completion	–	(1,071)	–	–	(1,071)
At 31 December 2020, 1 January 2021 and 30 June 2021	<u><u>15,560</u></u>	<u><u>14,634</u></u>	<u><u>69,044</u></u>	<u><u>3,740</u></u>	<u><u>102,978</u></u>
<b>Amortisation and impairment</b>					
At 1 January 2020	2,683	2,181	1,439	–	6,303
Amortisation	6,438	7,173	3,452	–	17,063
Derecognition upon contract completion	–	(351)	–	–	(351)
At 31 December 2020 and 1 January 2021	9,121	9,003	4,891	–	23,015
Amortisation	3,220	1,778	1,726	–	6,724
At 30 June 2021	<u><u>12,341</u></u>	<u><u>10,781</u></u>	<u><u>6,617</u></u>	<u><u>–</u></u>	<u><u>29,739</u></u>
<b>Carrying amount</b>					
At 31 December 2020 (Audited)	<u><u>6,439</u></u>	<u><u>5,631</u></u>	<u><u>64,153</u></u>	<u><u>3,740</u></u>	<u><u>79,963</u></u>
At 30 June 2021 (Unaudited)	<u><u>3,219</u></u>	<u><u>3,853</u></u>	<u><u>62,427</u></u>	<u><u>3,740</u></u>	<u><u>73,239</u></u>

## 11. TRADE AND OTHER RECEIVABLES, DEPOSITS PAID AND PREPAYMENTS

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade receivables ( <i>Note</i> )	<b>11,911</b>	5,820
Other receivables	<b>865</b>	10
Prepayments	<b>143</b>	309
Rental and utility deposits	<b>994</b>	341
	<hr/>	<hr/>
	<b>13,913</b>	<b>6,480</b>
	<hr/> <hr/>	<hr/> <hr/>

*Note:* The Group normally applies credit terms to its customers according to industry practice together with consideration of their creditability, repayment history and years of establishment. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are regularly reviewed by senior management.

The ageing analysis of the carrying amount of the Group's trade receivables as at the reporting date, based on invoice dates, is as follows:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 30 days	<b>6,157</b>	299
Over 30 days but within 60 days	<b>686</b>	–
Over 60 days but within 90 days	–	–
Over 90 days but within 365 days	<b>4,846</b>	5,521
Over 365 days	<b>222</b>	–
	<hr/>	<hr/>
	<b>11,911</b>	<b>5,820</b>
	<hr/> <hr/>	<hr/> <hr/>

## 12. CLIENT TRUST BANK BALANCES

The Group maintains segregated deposit accounts with a recognised bank to hold clients' monies arising from its normal course of business. The Group has classified the clients' monies as client trust bank balances under the current assets section of the condensed consolidated statement of financial position and recognised the corresponding trade payables (Note 13) to respective clients as it is liable for any loss or misappropriation of clients' monies. The segregated deposit accounts balances are restricted and governed by the Hong Kong Securities and Futures (Client Money) Rules under the Hong Kong Securities and Futures Ordinance.

## 13. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2021</b>	2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade payables arising from the ordinary course of business of securities dealing and brokerage services	<b>217,579</b>	–
Other payables and accrued expenses	<b>1,216</b>	14,906
	<b>218,795</b>	14,906

The settlement terms of trade payables attributable to dealing in securities are two days after the trade date.

No ageing analysis is disclosed as, in the opinion of the directors, an ageing analysis does not give additional value to users of this announcement in view of the business nature of securities dealing and brokerage services.

As at 30 June 2021, included in trade payables arising from the ordinary course of business of securities dealing and brokerage services was an amount of approximately HK\$210,448,000 (31 December 2020: Nil) payable to clients in respect of segregated deposit accounts balances received and held for clients in the course of the conduct of regulated activities.

## 14. THE IMPACT OF COVID-19 IN THE INTERIM PERIOD

The outbreak of COVID-19 has developed rapidly since 2020 and significantly affected entities and economic activities in varying scales globally. While there have been more immediate and pronounced disruptions in certain industries, its impact on the financial industry in the country where the Group operates has been confined to the limitation of physical meetings with new clients, which could have impacted new business during the interim period. Nevertheless, as COVID-19 continues to evolve, it is challenging at this moment to predict the full extent and duration of its impact to the business and economy.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

For the six months ended 30 June 2021 (the “Interim Period”), the Group is principally engaged in the provision of corporate finance advisory services and asset management services through its wholly-owned subsidiary, Yu Ming Investment Management Limited (“Yu Ming”) and in securities broking, underwriting and placing of securities through another newly acquired wholly-owned subsidiary, Morton Securities Limited (“Morton”).

Yu Ming is a financial services provider engaged in the provision of corporate finance advisory services and asset management services. Yu Ming is licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”).

The Group completed the acquisition of the entire issued shares of Morton on 29 March 2021. Morton is a securities dealer licensed to carry out Type 1 (dealing in securities) regulated activities under the SFO. Morton is also an Exchange Participant of the Stock Exchange and is admitted by Hong Kong Securities Clearing Company Limited to participate in the Central Clearing and Settlement System as a Direct Clearing Participant (within the meaning of the General Rules of Central Clearing and Settlement System).

#### Corporate Finance Advisory

During the Interim Period, the corporate finance advisory services provided by Yu Ming mainly included the following:

- (i) acting as financial adviser to advise listed issuers, shareholders and investors of listed issuers and entities on specific transactions in respect of the Listing Rules, the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) and/or the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs (the “Takeovers Code”);
- (ii) acting as independent financial adviser to listed issuers to provide independent advice required under the Listing Rules, the Takeovers Code or other specific circumstances; and
- (iii) acting as financial adviser to listed issuers on retainer basis to advise listed issuers on corporate strategies and compliance with the Listing Rules, the GEM Listing Rules and the Takeovers Code.

## **Asset Management**

During the Interim Period, Yu Ming provided asset management services solely to SHK Hong Kong Industries Limited (“SHK”), the first investment company listed on the Stock Exchange. Although SHK was privatized in April 2021, the investment management agreement with SHK is in force until December 2021. The Group is negotiating the renewal of the investment management service with SHK.

## **Securities Broking**

During the Interim Period, Morton is principally engaged in securities broking, underwriting and placing of securities and investment in securities.

## **Revenue**

Revenue for the Interim Period mainly consisted of income from corporate finance advisory and related services of approximately HK\$11.4 million (2020: approximately HK\$26.2 million), asset management services of approximately HK\$9.3 million (2020: approximately HK\$7.9 million) and securities and related services of approximately HK\$0.9 million (2020: Nil).

## **Employee Benefit Expense**

The Group’s employee benefit expense mainly consisted of salaries, discretionary bonuses and mandatory provident fund for the employees as well as fees for the Directors. Salaries, mandatory provident fund and Directors’ fee amounted to approximately HK\$6.0 million (2020: approximately HK\$4.5 million), approximately HK\$0.3 million (2020: approximately HK\$0.2 million) and approximately HK\$0.2 million (2020: approximately HK\$0.2 million) respectively during the Interim Period.

## **Administrative and Other Expenses**

Apart from the Group’s administrative expenses, other expenses for the Interim Period included the amortisation on intangible assets of approximately HK\$6.7 million (2020: approximately HK\$7.6 million).

## **INTERIM DIVIDEND**

The Board resolved not to declare an interim dividend for the Interim Period (2020: Nil).

## **FINANCIAL REVIEW**

### **Overall Results**

The Group recorded a net loss of approximately HK\$2.5 million for the Interim Period (2020: net profit approximately HK\$15.6 million), representing a decrease in profit of approximately HK\$18.1 million. The reasons are mainly due to (i) a fall in corporate finance advisory income as a result of (a) revenue recognition of certain ongoing advisory transactions subject to completion, and that of a significant advisory transaction subject to conditions; and (b) certain completed transactions of substantial amount, each contributing fee income exceeding HK\$5.0 million, recognised in previous corresponding period not recurring during the Interim Period; and (ii) mark-to-market losses of approximately HK\$7.5 million in the Group's listed securities holding during the Interim Period.

### **Revenue and Financial Resources**

For the Interim Period, the Group had revenue of approximately HK\$22.1 million (2020: approximately HK\$34.6 million) and the Group's net loss was approximately HK\$2.5 million (2020: net profit approximately HK\$15.6 million).

As at 30 June 2021, the Group had cash and cash equivalents of approximately HK\$113.0 million (31 December 2020: approximately HK\$84.0 million). As at 30 June 2021, the Group's current ratio (current assets to current liabilities) was approximately 137.6% (31 December 2020: approximately 359.9%).

For the Interim Period, the Group had no material exposure to fluctuations in exchange rates.

### **Indebtedness and Banking Facilities**

The Group had no bank and other borrowings as at 30 June 2021 and 31 December 2020.

The Group's gearing ratio, calculated by reference to the ratio of total bank borrowings (if any) to total equity attributable to the owners of the Company as at 30 June 2021 and 31 December 2020, was 0%.

### **Assets and Liabilities**

As at 30 June 2021, the Group had total assets of approximately HK\$728.6 million (31 December 2020: approximately HK\$514.9 million) and total liabilities of approximately HK\$265.8 million (31 December 2020: approximately HK\$49.7 million). The net assets of the Group as at 30 June 2021 were approximately HK\$462.8 million (31 December 2020: approximately HK\$465.2 million).

### **Capital Structure**

There was no change to the share capital during the Interim Period and corresponding period.

## **Charges on Group Assets**

As at 30 June 2021 and 31 December 2020, the Group had no assets under pledge.

## **Significant Investments, Acquisitions and Disposals**

On 29 March 2021, the acquisition of the entire issued shares of Morton was completed (the “Completion”) and accordingly, Morton has become a wholly-owned subsidiary of the Company and its financial statements are consolidated into the financial statements of the Company. Details of the abovementioned acquisition and Completion were disclosed in the Company’s announcements dated 21 September 2020, 29 December 2020 and 29 March 2021 respectively.

Save as disclosed above, there were no significant investments, acquisitions and disposals by the Group during the Interim Period.

## **Segment Information**

Detailed segmental information in respect of the revenue and profit or loss is shown in Note 4 to the unaudited condensed consolidated financial information.

## **Contingent Liabilities**

As at the date of this announcement and as at 30 June 2021 and 31 December 2020, the Board is not aware of any material contingent liabilities.

## **Events after the Reporting Date**

There are no important events affecting the Group which have occurred after the end of the Interim Period and up to the date of this announcement.

## **PROSPECT**

The corporate finance activities continue to secure mandates in regular transactions and contentious situations. Revenue recognition depends on satisfaction of conditions as well as timing of completion of advisory transactions and continues to post challenges in our financial reporting.

Asset management activities continue to focus on the investment management of SHK, the first investment company listed on the Stock Exchange in December 1990, and probably the first investment company privatized in April 2021. Although SHK was privatized, the existing investment management agreement is in force until December 2021. The Group is negotiating the renewal of the investment management service with SHK, and will make appropriate disclosure when a decision is reached whether to continue or discontinue the service.

The newly acquired securities business, although small, offers a new angle to complement our existing business adding or streamlining capability, inter alia, in placing of securities, custodian and administrative service for clients as well as securities settlement advice. It is still a new Group member acquired at a modest consideration, and we believe the Group is able to make a good use of its capability.

On balance, the prospect of the Group for the full year 2021 hinges on income recognition of the corporate finance transactions, which depend on satisfaction of conditions and timing of completion, the renewal of the investment management agreement with SHK, and the business development of the securities business.

## **AUDIT COMMITTEE**

The Company had an Audit Committee established in accordance with Rule 3.21 of the Listing Rules.

The Audit Committee has reviewed financial reporting matters and the 2021 Interim Report including a general review of the unaudited interim condensed consolidated financial statements for the six months ended 30 June 2021. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants and representations from management. The Audit Committee has not undertaken detailed independent audit checks.

## **COMPLIANCE WITH THE CODE PROVISIONS OF THE CORPORATE GOVERNANCE CODE**

The Company has applied the principles and complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the Interim Period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code during the Interim Period.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Interim Period.

By Order of the Board  
**DA YU FINANCIAL HOLDINGS LIMITED**  
**Lee Wa Lun, Warren**  
*Managing Director*

Hong Kong, 27 August 2021

*As at the date of this announcement, the Executive Directors are Mr. Lee Wa Lun, Warren (Managing Director), Mr. Lam Chi Shing and Ms. Li Ming, the Non-Executive Director is Mr. Kuo Jen-Hao (Chairman), and the Independent Non-Executive Directors are Mr. Chan Sze Chung, Mr. Sum Wai Kei, Wilfred and Mr. Suen Chi Wai.*