



德林控股
DL HOLDINGS

DL HOLDINGS GROUP LIMITED
德林控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1709



2023/2024
Interim Report

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INDEPENDENT REVIEW REPORT

To the members of DL Holdings Group Limited
(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated interim financial statements of DL Holdings Group Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 4 to 54, which comprise the condensed consolidated statement of financial position as at 30 September 2023, 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 require the preparation of a report on the interim financial information 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 these condensed consolidated interim financial statements in accordance with Hong Kong Accounting Standard 34. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements 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 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 these condensed consolidated interim financial statements 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.

INDEPENDENT REVIEW REPORT



CONCLUSION

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

Grant Thornton Hong Kong Limited

Certified Public Accountants

11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

29 November 2023

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 2023

	Notes	For the six months ended	
		2023	2022
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	5	101,260	125,189
Cost of sales/services	7	(50,395)	(59,121)
Gross profit		50,865	66,068
Other gains/(losses), net	6	7,457	(41,862)
Selling expenses	7	(460)	(1,461)
General and administrative expenses	7	(49,131)	(40,223)
Expected credit loss ("ECL") of receivables, net	7	(4,052)	(2,776)
Share of profit of an associate	18	6,146	–
Operating profit/(loss)		10,825	(20,254)
Finance income	10	2,830	17
Finance costs	10	(6,099)	(5,134)
Finance costs, net	10	(3,269)	(5,117)
Profit/(Loss) before income tax		7,556	(25,371)
Income tax expense	11	(573)	(4,829)
Profit/(Loss) for the period		6,983	(30,200)
Other comprehensive expense, including reclassification adjustments			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(193)	(546)
Other comprehensive expense for the period, including reclassification adjustments		(193)	(546)
Total comprehensive income/(expense) attributable to the owners of the Company for the period		6,790	(30,746)
Earnings/(Loss) per share attributable to owners of the Company (expressed in HK cents per share)			
Basic	13	0.50	(2.15)
Diluted	13	0.50	(2.15)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023



	Notes	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	1,744	2,058
Right-of-use assets	14	2,143	4,776
Intangible assets	15	12,248	12,248
Goodwill	16	19,397	19,397
Deferred tax assets		1,294	256
Deposits	19	–	140
Financial assets at fair value through profit or loss ("Financial assets at FVTPL")	17	117,268	133,686
Interest in an associate	18	70,343	64,197
		224,437	236,758
Current assets			
Trade and other receivables, prepayments and deposits	19	151,476	146,997
Loan and interest receivables	20	187,490	183,248
Bank balances – trust		50,409	244,179
Cash and cash equivalents		57,585	83,504
		446,960	657,928
Current liabilities			
Trade and other payables	21	82,331	263,328
Promissory notes	22	19,213	14,856
Bank borrowing	23	51,000	50,000
Bonds payable	24	20,000	64,000
Lease liabilities		2,296	4,140
Income tax payable		9,992	21,224
		184,832	417,548
Net current assets		262,128	240,380
Total assets less current liabilities		486,565	477,138

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Non-current liabilities			
Bonds payable	24	59,000	41,000
Lease liabilities		–	390
		59,000	41,390
Net assets			
		427,565	435,748
EQUITY			
Share capital	25	14,539	14,539
Other reserves		227,117	228,116
Retained earnings		185,909	193,093
Total equity		427,565	435,748

Chen Ningdi
Executive Director

Ai Kuiyu
Executive Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023



	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	Translation reserve* HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance as at 1 April 2023 (audited)	14,539	354,685	(153,031)	26,728	10	(276)	193,093	435,748
Profit for the period	-	-	-	-	-	-	6,983	6,983
Other comprehensive expense for the period	-	-	-	-	-	(193)	-	(193)
Total comprehensive income for the period	-	-	-	-	-	(193)	6,983	6,790
Shares granted under Share Award Scheme (note)	-	-	3	-	-	-	-	3
Lapse of employee share options	-	-	-	(809)	-	-	809	-
2023 final dividend declared (note 12)	-	-	-	-	-	-	(14,976)	(14,976)
Transactions with owners	-	-	3	(809)	-	-	(14,167)	(14,973)
Balance as at 30 September 2023 (unaudited)	14,539	354,685	(153,028)	25,919	10	(469)	185,909	427,565
Balance as at 1 April 2022 (audited)	14,301	354,734	(115,660)	11,222	10	13	261,541	526,161
Loss for the period	-	-	-	-	-	-	(30,200)	(30,200)
Other comprehensive expense for the period	-	-	-	-	-	(546)	-	(546)
Total comprehensive expense for the period	-	-	-	-	-	(546)	(30,200)	(30,746)
Acquisition of shares under Share Award Scheme (note)	-	-	(8,994)	-	-	-	-	(8,994)
Shares granted under Share Award Scheme (note)	-	94	458	-	-	-	-	552
2022 final dividend declared (note 12)	-	-	-	-	-	-	(19,271)	(19,271)
Transactions with owners	-	94	(8,536)	-	-	-	(19,271)	(27,713)
Balance as at 30 September 2022 (unaudited)	14,301	354,828	(124,196)	11,222	10	(533)	212,070	467,702

* Other reserves comprise the Group's reserves of HK\$227,117,000 (unaudited) (31 March 2023: HK\$228,116,000 (audited)) in the condensed consolidated statement of financial position.

Note:

During the six months ended 30 September 2022, the Company contributed approximately HK\$8,994,000 (unaudited) at an average price of HK\$2.7 per share for repurchases of 3,331,000 (unaudited) ordinary shares which are currently held under the share award scheme adopted on 8 September 2020 (the "Share Award Scheme"). During the six months ended 30 September 2023, a total of 354,484 shares (unaudited) (six months ended 30 September 2022: 200,000 shares (unaudited)) was granted to the eligible persons pursuant to the Share Award Scheme. As at 30 September 2023, Group held 64,799,916 (unaudited) (31 March 2023: 65,154,400 (audited)) shares of the Company purchased but not yet awarded under the Share Award Scheme.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	For the six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
<i>Net cash used in operating activities</i>	(215,138)	(34,707)
Cash flows from investing activities		
Addition of financial assets at fair value through profit or loss	(4,000)	–
Dividend received	972	12
Interest income received	2,830	17
Increase in amounts due from related parties	(1,565)	(5)
Purchases of property, plant and equipment	(85)	(357)
Proceeds from disposals of financial assets at FVTPL	25,961	5,020
<i>Net cash generated from investing activities</i>	24,113	4,687
Cash flows from financing activities		
Acquisitions of shares under Share Award Scheme	–	(8,994)
Capital element of lease rentals paid	(2,234)	(3,611)
Proceed from short-term bank borrowings	41,000	–
Repayment of short-term bank borrowing	(40,000)	(30,000)
Interest paid	(5,814)	(4,780)
Interest element of lease rentals paid	(37)	(107)
Proceeds from issuance of bonds payable	18,000	–
Repayment of bonds payable	(44,000)	(13,000)
Proceeds from issuance of promissory notes	4,400	–
Repayment of promissory notes	–	(5,000)
Shares granted under the Share Award Scheme	–	552
<i>Net cash used in financing activities</i>	(28,685)	(64,940)
Net decrease in cash and cash equivalents	(219,710)	(94,960)
Cash and cash equivalents at beginning of the period	327,683	285,578
Effect of foreign exchange rate changes	21	–*
Cash and cash equivalents at the end of the period	107,994	190,618

* Amount less than HK\$1,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023



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 Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company has established a place of business in Hong Kong at 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 (i) provision of financial services of licensed businesses including financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; investment management and advisory services; and insurance brokerage services to customers; (ii) provision of money lending services to customers; (iii) sales of apparel products with the provision of supply chain management total solutions to customers; and (iv) provision of enterprise solutions services.

The directors consider the immediate holding company and the ultimate holding company of the Company is DA Wolf Investments I Limited.

2. BASIS OF PREPARATION

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 HKFRSs, 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 2023 (“2023 Annual Financial Statements”).

The preparation of these condensed consolidated interim financial statements 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 these condensed consolidated interim financial statements, 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 2023 Annual Financial Statements, except as disclosed in notes 3 and 4.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

3. ACCOUNTING POLICIES AND USE OF JUDGEMENTS AND ESTIMATES

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those used in 2023 Annual Financial Statements.

4. APPLICATION OF NEW OR AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning on 1 April 2023

The condensed consolidated interim financial statements for the six months ended 30 September 2023 have been prepared in accordance with the accounting policies adopted in 2023 Annual Financial Statements, except for the adoption of the following new and amended HKFRSs effective as of 1 April 2023. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

HKFRS17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and 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 these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023



4. APPLICATION OF NEW OR AMENDED HKFRSs (Continued)

Issued but not yet effective HKFRSs

At the date of authorisation of this condensed consolidated interim financial statements, certain amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 21	Lack of Exchangeability ²

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The amended HKFRSs are not expected to have a material impact on the Group's condensed consolidated interim financial statements.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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.

The Group has identified the following reportable segments for the six months ended 30 September 2022 and 2023:

- Financial services of licensed business – provision of financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; and investment management and advisory services. During the six months ended 30 September 2023, the Group also provides insurance brokerage services due to the acquisition of DL Emerald Wealth Management Limited (“DL Emerald”) during the year ended 31 March 2023;
- Money lending services – provision of equity pledge financing services and money lending services to the customers;

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023



5. REVENUE AND SEGMENT INFORMATION *(Continued)*

- Sales of apparel products – sales of apparel products with the provision of supply chain management total solutions to customers; and
- Enterprise solutions services – provision of global identity planning and wealth inheritance consultancy services, and other business consultancy services.

Each of these reportable segments are 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.

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, certain bank interest income, finance costs, ECL of trade and other receivables, ECL of loan and interest receivables, net gains/(losses) on disposals of financial asset at FVTPL (related to segment of financial services of licensed business) and impairment of goodwill. Changes in fair value of financial assets at FVTPL (excluding financial assets at FVTPL in reportable and operating segments), certain net gains/(losses) on disposal of financial assets at FVTPL, certain bank interest income, certain finance costs, certain depreciation of right-of-use assets, share of profit in an associate and unallocated corporate expenses are not included in the result for each reportable segment.

Segment assets include all assets with the exception of financial assets at FVTPL and other corporate assets.

Segment liabilities include contract liabilities, trade and other payables, provision for reinstatement cost, lease liabilities, income tax payable and bank borrowing managed directly by the segments with exception of promissory notes, bonds payable and other corporate liabilities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. REVENUE AND SEGMENT INFORMATION (Continued)

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	
	2023	2022
	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)	72,861	80,994
– Sales of apparel products	589	16,223
– Provision of supply chain management	2,004	–
– Provision of enterprise solutions services	11,986	12,028
	87,440	109,245
Revenue from other sources		
– Interest income from provision of money lending services	8,324	8,259
– Interest income from provision of margin financing services	5,496	7,685
	13,820	15,944
	101,260	125,189
Disaggregated by timing of revenue recognition under HKFRS 15		
– Services provided over time	15,748	15,503
– Services provided at a point in time	71,103	77,519
– Goods transferred at a point in time	589	16,223
	87,440	109,245
Revenue from other sources		
– Interest income from provision of money lending services	8,324	8,259
– Interest income from provision of margin financing services	5,496	7,685
	13,820	15,944
	101,260	125,189

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023



5. REVENUE AND SEGMENT INFORMATION (Continued)

The Group applied the practical expedient in HKFRS 15.94 and therefore expensed the incremental costs of obtaining a contract if the amortisation period is one year or less.

Note:

	For the six months ended	
	30 September	2022
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from provision of financial services of licensed business		
Service fee income from financial advisory services and investment management services	64,888	77,606
Commission and brokerage arising on securities dealing	1,428	3,388
Commission and brokerage from insurance brokerage services	6,545	–
	72,861	80,994

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. REVENUE AND SEGMENT INFORMATION (Continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 September 2023 is as follows:

	Financial services of licensed business HK\$'000 (unaudited)	Money lending services HK\$'000 (unaudited)	Sales of apparel products HK\$'000 (unaudited)	Enterprise solutions services HK\$'000 (unaudited)	Inter- company elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue						
– From external customers	78,357	8,324	2,593	11,986	–	101,260
– Inter-segment revenue	849	–	–	–	(849)	–
Reportable segment revenue	79,206	8,324	2,593	11,986	(849)	101,260
Reportable segment profit/(loss)	1,492	2,635	(3,297)	6,272	(24)	7,078
Bank interest income						5
Unallocated other gains, net						
– Net fair value gains on financial assets at FVTPL						3,707
Corporate and other unallocated expenses including depreciation of right-of-use assets of HK\$1,366,000						(5,522)
Share of profit of an associate						6,146
Finance costs						(3,858)
Profit before income tax						7,556
Other information:						
Net gains on disposals of financial assets at FVTPL	8	–	–	2,477	–	2,485
Net fair value losses on financial assets at FVTPL	(625)	–	–	–	(24)	(649)
Bank interest income	2,802	7	–*	16	–	2,825
Written off of property, plant and equipment	–	–	–	(25)	–	(25)
Depreciation of property, plant and equipment	(335)	–	(33)	(6)	–	(374)
Depreciation of right-of-use assets	–	–	(1,267)	–	–	(1,267)
(Provision for)/Reversal of ECL on						
– trade and other receivables	(82)	–	–	42	–	(40)
– loan and interest receivables	–	(4,012)	–	–	–	(4,012)
Share of profit of an associate	–	–	–	6,146	–	6,146
Finance costs	(1,608)	(625)	(8)	–	–	(2,241)
Income tax expense	(364)	(59)	–	(150)	–	(573)

* Amount less than HK\$1,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. REVENUE AND SEGMENT INFORMATION (Continued)

The segment information provided to the CODM for the reportable segments for the six months ended 30 September 2022 is as follows:

	Financial services of licensed business HK\$'000 (unaudited)	Money lending services HK\$'000 (unaudited)	Sales of apparel products HK\$'000 (unaudited)	Enterprise solutions services HK\$'000 (unaudited)	Inter- company elimination HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue						
– From external customers	88,679	8,259	16,223	12,028	–	125,189
– Inter-segment revenue	314	–	–	–	(314)	–
Reportable segment revenue	88,993	8,259	16,223	12,028	(314)	125,189
Reportable segment profit/(loss)	22,058	5,651	(5,211)	617	–	23,115
Unallocated other gains/(losses), net						
– Net gains on disposals of financial assets at FVTPL						35
– Net fair value losses on financial assets at FVTPL						(40,524)
Corporate and other unallocated expenses including depreciation of right-of use assets of HK\$1,366,000						(4,509)
Finance costs						(3,488)
Loss before income tax						(25,371)
Other information:						
Net losses on disposals of financial assets at FVTPL	(969)	–	–	–	–	(969)
Net fair value losses on financial assets at FVTPL	(54)	–	–	–	–	(54)
Bank interest income	15	–	–	2	–	17
Written off of property, plant and equipment	(830)	–	–	–	–	(830)
Depreciation of property, plant and equipment	(503)	–	(24)	(18)	–	(545)
Depreciation of right-of-use assets	(502)	–	(1,300)	–	–	(1,802)
(Provision for)/Reversal of ECL on						
– trade and other receivables	(1,489)	–	396	(248)	–	(1,341)
– loan and interest receivables	–	(1,435)	–	–	–	(1,435)
Impairment of goodwill	(1,335)	–	–	–	–	(1,335)
Finance costs	(1,141)	(464)	(41)	–	–	(1,646)
Income tax expense	(3,294)	(1,169)	–	(366)	–	(4,829)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

5. REVENUE AND SEGMENT INFORMATION (Continued)

	Financial services of licensed business HK\$'000	Money lending services HK\$'000	Sales of apparel products HK\$'000	Enterprise solutions services HK\$'000	Unallocated corporate assets/ (liabilities) HK\$'000	Inter- company elimination HK\$'000	Total HK\$'000
As at 30 September 2023 (unaudited)							
Reportable segment assets	381,305	195,928	35,248	41,752	497,227	(480,063)	671,397
Reportable segment liabilities	195,815	161,124	5,145	5,685	270,186	(394,123)	243,832
Additions to non-current assets	65	-	-	20	-	-	85
As at 31 March 2023 (audited)							
Reportable segment assets	528,450	191,855	43,042	109,546	391,671	(369,878)	894,686
Reportable segment liabilities	310,534	159,030	9,642	100,690	163,029	(283,987)	458,938
Additions to non-current assets	207	-	1,966	12,847	-	-	15,020

6. OTHER GAINS/(LOSSES), NET

	For the six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net gains/(losses) on disposals of financial assets at FVTPL	2,485	(934)
Net fair value gains/(losses) on financial assets at FVTPL	3,058	(40,578)
Dividend income from financial assets at FVTPL	972	12
Loss on early termination of lease	-	(2)
Government grants (note)	235	1,153
Net foreign exchange gain	-	30
Impairment loss on goodwill (note 16)	-	(1,335)
Written off of property, plant and equipment	(25)	(830)
Others	732	622
	7,457	(41,862)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023



6. OTHER GAINS/(LOSSES), NET *(Continued)*

Notes:

During the six months ended 30 September 2023

Being the grants received from (i) Job Growth Incentive Payout of approximately HK\$52,000, (ii) Maternity leaves approximately HK\$174,000 and (iii) Childcare leaves approximately HK\$9,000 provided by the Singapore Government.

During the six months ended 30 September 2022

Being the grants received from (i) the COVID-19 Anti-epidemic Fund under the Employment Support Scheme of approximately HK\$876,000, (ii) Financial Industry Recruitment Scheme for Young Graduates launched by the Government of the Hong Kong Special Administrative Region of HK\$60,000 and (iii) Job Growth Incentive Payout of approximately HK\$101,000 and Digital Acceleration Grant of approximately HK\$116,000 provided by the Singapore Government.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

7. EXPENSES BY NATURE

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Auditors' remuneration – other service	390	944
Bad debt written off	–	600
Consultancy fees	9,287	4,959
Cost of goods sold	507	14,576
Cost of services	49,888	43,495
Depreciation of property, plant and equipment	374	545
Depreciation of right-of-use assets	2,633	3,168
Donation	601	–
Provision for ECL on trade receivables	40	1,341
Provision for ECL on loan and interest receivables, net	4,012	1,435
ECL on receivables, net	4,052	2,776
Employee benefit expenses (note 8)	22,253	20,680
Entertainment and travelling expenses	2,386	3,318
Exchange differences, net	466	(118)
Marketing fees	378	551
Sales commission	–	541
Short-term leases/low-value leases in respect of		
– office	199	154
– car park	80	113
Other expenses	10,544	7,279
Total cost of sales/services, selling expenses, general and administrative expenses and ECL of receivables, net	104,038	103,581

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023



8. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, bonus and other short-term employee benefits	21,590	19,621
Share award granted to employees	3	552
Pension costs – defined contribution plans	660	507
	22,253	20,680

9. SHARE-BASED PAYMENTS

Share Option Scheme

The Company has a Share Option Scheme which was adopted on 22 September 2015 (“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, to take up options to subscribe for shares of the Company by payment of HK\$1.00 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

9. SHARE-BASED PAYMENTS (Continued)

Share Option Scheme (Continued)

On 24 March 2023, the Group granted 26,600,000 share options under the Share Option Scheme with a vesting of one year or immediate vested. The share options have an exercise price of HK\$2.70 to subscribe for one ordinary share of HK\$0.01 each.

Name	Position held/relationship with the Company	Number of shares options granted
Mr. Lang	Executive director	4,500,000
Employees	Not applicable	22,100,000
		26,600,000

The above exercise price is at least the higher of (i) the closing price of HK\$2.69 per share as quoted in the Stock Exchange's daily quotation sheet on the grant date; (ii) the average closing price of HK\$2.69 per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the grant date.

On 19 November 2020, the Group granted a total of 53,000,000 share options under the Share Option Scheme with no vesting period. The shares options have an exercise price of HK\$2.50 to subscribe for one ordinary share of HK\$0.01 each.

Name	Position held/relationship with the Company	Number of shares options granted
Employees	Not applicable	53,000,000

The above exercise price is not lower than the highest of (i) the closing price of HK\$2.30 per share as quoted in the Stock Exchange's daily quotation sheet on the grant date; (ii) the average closing price of HK\$2.148 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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023



9. SHARE-BASED PAYMENTS (Continued)

Share Option Scheme (Continued)

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 and the remaining 13,000,000 of which has an exercise price of HK\$1.00 to subscribe for one ordinary share.

Name	Position held/relationship with the Company	Number of shares options granted
Mr. Chen	Executive director	5,500,000
Mr. Li	The former non-executive director	5,500,000
Mr. Liu	Independent non-executive director	3,000,000
Employees	Not applicable	36,000,000
External consultants	Not applicable	4,500,000
		54,500,000

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 CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

9. SHARE-BASED PAYMENTS (Continued)

Share Option Scheme (Continued)

As at 30 September 2023 and 2022, details of each share options granted are set out below:

As at 30 September 2023

Date of grant	Option type	Exercisable period	Validating period	Exercise price HK\$
19 November 2020	2020C	19 November 2020 to 18 November 2023	3 years	2.500
24 March 2023	2023A	24 March 2023 to 23 March 2026	3 years	2.700

As at 30 September 2022

Date of grant	Option type	Exercisable period	Validating period	Exercise price HK\$
17 August 2020	2020B	17 August 2020 to 16 August 2023	3 years	1.000
19 November 2020	2020C	19 November 2020 to 18 November 2023	3 years	2.500

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023



9. SHARE-BASED PAYMENTS (Continued)

Share Option Scheme (Continued)

Movement in share options

Six months ended 30 September 2023 (unaudited)

Option type	Outstanding as at 1 April 2023 (audited)	Lapsed during the period (unaudited)	Outstanding as at 30 September 2023 (unaudited)
Directors			
Mr. Liu 2020B	3,000,000	(3,000,000)	–
Mr. Lang 2023A	4,500,000	–	4,500,000
Sub-total	7,500,000	(3,000,000)	4,500,000
Employee(s) of the Group			
2020B	1,500,000	(1,500,000)	–
2020C	23,500,000	–	23,500,000
2023A	22,100,000	–	22,100,000
Sub-total	47,100,000	(1,500,000)	45,600,000
Other participants 2020B	1,500,000	(1,500,000)	–
Sub-total	1,500,000	(1,500,000)	–
Total	56,100,000	(6,000,000)	50,100,000

	Outstanding as at 1 April 2023 (audited)	Lapsed during the period (unaudited)	Outstanding as at 30 September 2023 (unaudited)
Weighted average exercise price per share option (HK\$)	2.4	1.0	2.6
Weighted average remaining contractual life of options outstanding	1.72 years	–	1.38 years
Number of options exercisable	56,100,000	–	50,100,000
Weighted average exercise price per share option exercisable (HK\$)	2.4	–	2.6

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

9. SHARE-BASED PAYMENTS (Continued)

Share Option Scheme (Continued)

Movement in share options (Continued)

Six months ended 30 September 2022 (unaudited)

	Option type	Outstanding as at 1 April 2022 and 30 September 2022 (unaudited)
Director – Mr. Liu	2020B	3,000,000
Employee(s) of the Group	2020B	1,500,000
	2020C	23,500,000
Sub-total		25,000,000
Other participants	2020B	1,500,000
Total		29,500,000

	Outstanding as at 1 April 2022 and 30 September 2022 (unaudited)
Weighted average exercise price per share option (HK\$)	2.2
Weighted average remaining contractual life of options outstanding	1.08 years
Number of options exercisable	29,500,000
Weighted average exercise price per share option exercisable (HK\$)	2.2

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023



9. SHARE-BASED PAYMENTS (Continued)

Share Option Scheme (Continued)

Movement in share options (Continued)

The share options outstanding at 30 September 2023 had exercise prices of HK\$2.5 to HK\$2.7 (30 September 2022: HK\$1 to HK\$2.5). During the six months ended 30 September 2023, 6,000,000 share options have been lapsed for option type 2020B (During the six months ended 30 September 2022: there was no lapse or cancellation of share options).

During the six months ended 30 September 2022 and 2023, no share-based payment expense in relation to share options was granted to the directors.

Fair value of share options and assumption

No share options are granted during the six months ended 30 September 2022 and 2023.

The fair values of the share options granted are arrived at on the basis of a valuation carried out at the grant date by Roma Appraisal Limited and Moore Transaction Services Limited. They were derived from Binomial Option Pricing Model by applying the following bases and assumptions:

	Share options granted to						
	Employees	Mr. Li and Mr. Chen	Mr. Liu	Employees	Employees	Employees	Director
Grant date	19/11/2020	17/8/2020	17/8/2020	17/8/2020	17/8/2020	24/3/2023	24/3/2023
Number of options granted	53,000,000	11,000,000	3,000,000	30,500,000	5,500,000	22,100,000	4,500,000
Option life (note (i))	3 years	3 years	3 years	3 years	3 years	3 years	3 years
Risk-free rate (note (ii))	0.2%	0.1%	0.1%	0.1%	0.1%	2.87%	2.87%
Volatility (note (iii))	43.90%	37.27%	37.27%	37.27%	37.27%	29.02%	29.02%
Dividend yield	0%	0%	0%	0%	0%	0.51%	0.51%
Fair value per share option at grant date	HK\$0.44314	HK\$0.17364	HK\$0.13992	HK\$0.15884	HK\$0.12537	HK\$0.5824	HK\$0.5856
Total fair value for each batch (HK\$'000)	23,486	1,910	420	4,845	690	12,871	2,635

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

9. SHARE-BASED PAYMENTS *(Continued)*

Share Option Scheme *(Continued)*

Fair value of share options and assumption *(Continued)*

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 comparable companies. The length of period approximately equals to the time to maturity of the share options at the grant date.

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 determined using the Binomial Option Pricing Model were range from HK\$0.1254 to HK\$0.5856 per share option.

As at 30 September 2023, the Company had 50,100,000 (unaudited) (30 September 2022: 29,500,000 (unaudited)) share options outstanding under the Share Option Scheme, which represented approximately 3.4% (unaudited) (30 September 2022: 2.06% (unaudited)) 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.

When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in the share option reserve will be transferred to retained earnings.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

9. SHARE-BASED PAYMENTS (Continued)

Share Award Scheme

On 8 September 2020, a share award scheme (“Share Award Scheme”) was approved and adopted by the Board of directors of the Company. Unless otherwise cancelled or amended, the Share Award Scheme will remain valid and effective for 10 years from the date of adoption.

The number of shares to be awarded under the Share Award Scheme throughout its duration is limited to 10% of the issued share capital of the Company from time to time. The maximum number of shares which may be awarded to a selected participant under the Scheme shall not exceed one per cent (1%) of the issued share capital of the Company from time to time.

On 28 September 2023, the Group granted a total of 354,484 shares under the Share Award Scheme with a vesting period of a year.

Name	Number of shares granted
Employee(s) of the Group	354,484

On 27 June 2022, the Group granted a total of 200,000 shares under the Share Award Scheme with no vesting period.

Name	Position held/relationship with the Company	Number of shares granted
Ms. Jiang	Non-executive director	200,000

During the six months ended 30 September 2023, the Company did not purchase (unaudited) (six months ended 30 September 2022: 3,331,000 (unaudited)) ordinary shares of the Company on the Stock Exchange. The total amount paid to acquire the shares was nil (unaudited) (six months ended 30 September 2022: HK\$8,994,000 (unaudited)). During the six months ended 30 September 2023, a total of 354,484 shares (unaudited) (six months ended 30 September 2022: 200,000 (unaudited)) were granted to the eligible persons pursuant to the Share Award Scheme.

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

10. FINANCE COSTS, NET

	For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Finance income		
Bank interest income	2,830	17
Finance costs		
Interest expenses on bank borrowing	(1,607)	(1,136)
Interest expenses on lease liabilities	(37)	(107)
Interest expenses on bonds payable	(3,829)	(3,427)
Interest expenses on promissory notes	(626)	(464)
	(6,099)	(5,134)
Finance cost, net	(3,269)	(5,117)

11. INCOME TAX EXPENSE

Hong Kong

	For the six months ended 30 September	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current income tax		
– Hong Kong	1,611	4,829
Deferred tax	(1,038)	–
	573	4,829

The provision for Hong Kong Profits Tax for the six months ended 30 September 2023 is calculated at 16.5% (six months ended 30 September 2022: 16.5%) of the estimated assessable profits for the period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying entities are taxed at 8.25% (six months ended 30 September 2022: 8.25%), and the profits above HK\$2,000,000 are taxed at 16.5% (six months ended 30 September 2022 16.5%).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023



11. INCOME TAX EXPENSE (Continued)

Cayman Islands and British Virgin Islands (“BVI”)

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Company and its subsidiaries are not subject to any taxation under the jurisdictions of the Cayman Islands and the BVI.

Singapore

Singapore profits tax has not been provided as the subsidiary of the Group has no estimated assessable profits in the jurisdiction.

PRC

For the subsidiaries of the Group in the PRC, under the notice of the Ministry of Finance and the State Administration of Taxation on Preferential Income Tax Policies for Small Low-Profit Enterprises, for the portion of profit less than RMB1,000,000, 25% of the profit will be taxed at 20% and profits within the range of RMB1,000,000 to RMB3,000,000, 50% of the profit will be taxed at 20%.

12. DIVIDENDS

(a) Dividends attributable to the period

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2022 and 2023.

(b) Dividends attributable to the previous financial year, approved and paid/payable during the period

	For the six months ended	
	30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Final dividend in respect of the previous financial year ended 31 March 2023 of HK1.03 cents (six months ended 30 September 2022: final dividend in respect of the previous financial year ended 31 March 2022 of HK1.40 cents) per share	14,976	19,271

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

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 of the Company in issue during the respective periods.

	For the six months ended 30 September	
	2023	2022
	(unaudited)	(unaudited)
Profit/(Loss) attributable to owners of the Company (HK\$'000)	6,983	(30,200)
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share ('000)	1,388,802	1,402,953
Basic earnings/(loss) per share (HK cents per share)	0.50	(2.15)

13.2 Diluted

	For the six months ended 30 September	
	2023	2022
	(unaudited)	(unaudited)
Profit/(Loss) attributable to owners of the Company (HK\$'000)	6,983	(30,200)
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share ('000)	1,388,802	1,402,953
Effect of dilutive potential ordinary shares		
– share options ('000)	3,865	–
– share awards ('000)	354	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share ('000)	1,393,021	1,402,953
Diluted earnings/(loss) per share (HK cents per share)	0.50	(2.15)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023



13. EARNINGS/(LOSS) PER SHARE (Continued)

Note:

The calculation of the basic earnings/(loss) per share amount is based on profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period as adjusted to exclude the shares held under the Share Award Scheme.

The calculation of the diluted earnings/(loss) per share are based on the profit/(loss) attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period and excluded the shares held under the Share Award Scheme, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise of all dilutive potential ordinary shares with into ordinary shares and the restricted shares under the Shares Award Scheme.

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

During the six months ended 30 September 2023, the Group purchased property, plant and equipment of approximately HK\$85,000 (unaudited) (six months ended 30 September 2022: HK\$357,000 (unaudited)).

During the six months ended 30 September 2023, there is no addition to right-of-use assets (unaudited) (six months ended 30 September 2022: approximately HK\$2,449,000 (unaudited)).

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 acquisitions of DL Securities (HK) Limited (“DL Securities”) and DA Finance (HK) Limited (“DA Finance”) respectively in November 2019.

In respect of the licenses which were allocated to the cash-generating units of the financial services of licensed business and money lending services acquired, 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.

The carrying amounts of SFC License Types 1, 4 and 6 and Money Lending License are HK\$11,748,000 (unaudited) (31 March 2023: HK\$11,748,000 (audited)) and HK\$500,000 (unaudited) (31 March 2023: HK\$500,000 (audited)) respectively.

No impairment loss has been recognised during the six months ended 30 September 2022 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

16. GOODWILL

	For the six months ended	
	30 September	
	HK\$'000	HK\$'000
	(unaudited)	(audited)
At the beginning of period/year		
Gross carrying amount	19,397	7,921
Net carrying amount as at 1 April 2023/2022	19,397	7,921
Acquisition through business combination	–	12,811
Impairment loss provided for the period/year	–	(1,335)
Net carrying amount as at 30 September 2023/ 31 March 2023	19,397	19,397
At the end of the period/year		
Gross carrying amount	20,732	20,732
Accumulated impairment	(1,335)	(1,335)
	19,397	19,397

The Group's goodwill mainly arose from business combination in connection with the acquisitions of (i) DL Securities (HK) Limited ("DL Securities"); (ii) DA Finance (HK) Limited ("DA Finance"); (iii) Four Seasons Investment Management Limited ("Four Seasons"); (iv) DL Family Office Pte. Ltd. ("DL Family Office Singapore"); (v) DL Advisory Services Limited (formerly known as ONE Advisory Limited) ("DL Advisory") and (vi) DL Emerald.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023



16. GOODWILL (Continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the CGUs that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Financial services of licensed business		
– DL Securities	274	274
– Four Seasons	5,951	5,951
– DL Emerald	12,811	12,811
	19,036	19,036
Money lending services		
– DA Finance	98	98
Enterprise solutions services		
– DL Advisory	263	263
– DL Family Office Singapore	–	–
	263	263
	19,397	19,397

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FINANCIAL ASSETS AT FVTPL”)

	Notes	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Non-current portion			
Listed securities			
Equity securities – Hong Kong		–	24,125
Non-listed securities			
Investment funds	(i)	6,436	2,436
Equity investment – outside Hong Kong	(ii)	110,832	107,125
		117,268	133,686

Notes:

- (i) The fair value of the unlisted investment funds is based on the net asset value of the investment funds reported to the limited partners by the general partners at the end of the reporting period.
- (ii) It represents investment in an unlisted company related to 26.65% (unaudited) of the interest in the Carmel Reserve LLC as the non-voting class B membership interest as at 30 September 2023 (31 March 2023: 26.65% (audited)).

The table below analyses the Group’s financial instruments carried at fair value, by level of inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices, and not using significant unobservable inputs) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023



17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FINANCIAL ASSETS AT FVTPL”) (Continued)

Disclosures of level in fair value hierarchy:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
As at 30 September 2023 (unaudited)			
Financial assets at FVTPL			
– Listed equity securities	–	–	–
– Unlisted equity investment	–	–	110,832
– Unlisted investment funds	–	6,436	–
As at 31 March 2023 (audited)			
Financial assets at FVTPL			
– Listed equity securities	24,125	–	–
– Unlisted equity investment	–	–	107,125
– Unlisted investment funds	–	2,436	–

There were no transfers among levels 1, 2 and 3 during the six months ended 30 September 2022 and 2023.

The carrying amounts of the Group's other financial assets and liabilities including bank balance-trust, cash and cash equivalents, trade and other receivables and deposits, loan and interest receivables, trade and other payables, promissory notes, bonds payables, lease liabilities and bank borrowing approximate their fair values due to their short maturities or the impact of discounting is not significant.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FINANCIAL ASSETS AT FVTPL”) (Continued)

Valuation process used by the Group and valuation techniques and inputs used in fair value measurements

Level 1 fair value measurements

Fair value of financial instruments under level 1 fair value measurement is based on quoted prices (unadjusted) reflected in active markets.

The fair value of the listed equity securities is based on quoted market prices at the end of the reporting period.

Level 2 fair value measurements

As at 30 September 2022 and 2023, the Group’s financial assets at FVTPL under level 2 fair value measurements are unlisted investment funds, and their fair value measurement was determined as follows:

For unlisted investment funds of HK\$6,436,000 (unaudited) (31 March 2023: HK\$2,436,000 (audited)), fair value is determined based on the net asset values as published by the fund managers.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023



17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (“FINANCIAL ASSETS AT FVTPL”) (Continued)

Valuation process used by the Group and valuation techniques and inputs used in fair value measurements (Continued)

Level 3 fair value measurements

In determining fair value, specific valuation techniques (asset-based approach) are used with reference to significant inputs such as property under development’s market value, loan from other parties and long-term loan included in the unlisted equity investment. Loan from other parties and long-term loan are measured at amortised cost. The main input used by the Group in measuring the fair value of the unlisted equity investment is derived and evaluated as follows:

- Market value of property under development: this is valued at 30 September 2023 and 31 March 2023 by independent and professional qualified valuer based on residual method as follow:

Valuation technique of property under development included in the unlisted equity investment	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Residual method (31 March 2023: residual method)	Market price of finished lot, ranging from US\$2,100,000 (unaudited) (31 March 2023: US\$2,100,000 (audited)) per lot to US\$2,400,000 (unaudited) (31 March 2023: US\$2,395,000 (audited)) per lot, and adjusted taking into account of time and locations to the underlying assets of the invested company	The higher/lower the market price, the higher/lower the fair value

The reconciliations of the carrying amounts of the Group’s financial instruments classified within Level 3 fair value measurement is as follows:

	Level 3 HK\$'000
Financial assets at FVTPL	
As at 1 April 2022 (audited)	110,705
Fair value loss	(3,580)
As at 31 March 2023 and 1 April 2023 (audited)	107,125
Fair value gain	3,707
As at 30 September 2023 (unaudited)	110,832

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For the six months ended 30 September 2023

18. INTEREST IN ASSOCIATE

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Cost of investment in an associate	63,000	63,000
Share of post-acquisition profit and other comprehensive income	7,343	1,197
	70,343	64,197

The following list contains only the particulars of an associate, which is an unlisted corporate entity whose quoted market price is not available, which in the opinion of the directors principally affected the results or net assets of the Group as at 30 September 2023.

Name	Place of incorporation and kind of legal entity	Country of operation	Principal activities	Number of shares held as at 30 September 2023	Equity interest held as at 30 September 2023
DL Family Office (HK) Ltd ("DL Family Office HK")	Hong Kong, limited liability company	Hong Kong	Provision of asset management services and family office operations and services	8,195,441 shares (As at 31 March 2023: 8,195,441 shares)	45% (As at 31 March 2023: 45%)

During the year ended 31 March 2023, the Group acquired 45% equity interests in DL Family Office HK from DL Global Holdings Limited ("DL Global Holdings"), a related company connected to certain directors of the Company, at a cash consideration of HK\$63,000,000. Pursuant to the sale and purchase agreement and memorandum and article of association of DL Family Office HK, one director was nominated by the Group and the Group is able to exert significant influence over the financial and operating activities of DL Family Office HK. Accordingly, DL Family Office HK is an associate of the Group and its financial result were accounted for in the condensed consolidated financial statements of the Group using the equity method.

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18. INTEREST IN ASSOCIATE *(Continued)*

On 14 September 2023, the Group and DL Global Holdings entered into a sale and purchase agreement, pursuant to which the Group has conditionally agreed to acquire, and DL Global Holdings has conditionally agreed to sell, the remaining 55.00% equity interest in DL Family Office HK at a consideration of HK\$220,000,000. The transaction was completed on 28 November 2023. Upon the completion of acquisition, DL Family Office HK becomes a wholly owned subsidiary of the Group.

19. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Gross trade receivables (excluding margin receivables and receivables from investment management services, financial advisory services and enterprise solutions services)	1,800	3,174
Gross trade receivables – investment management services	13,139	7,262
Gross trade receivables – margin receivables (note (a))	93,835	102,938
Gross trade receivables – financial advisory services	14,696	18,569
Gross trade receivables – enterprise solutions services	5,959	4,109
Trade receivables	129,429	136,052
Less: Provision for expected credit loss	(1,774)	(1,734)
Trade receivables, net of provision	127,655	134,318
Prepayments	1,745	2,287
Payment in advance to suppliers	28	18
Rental deposits	1,517	1,517
Amount due from an associate (note (b))	904	952
Amount due from an investee company (note (b))	373	373
Amounts due from related parties (note (b))	1,595	30
Other receivables and deposits (note (c))	17,659	7,642
Total trade and other receivables, prepayments and deposits	151,476	147,137
Less: Non-current portion		
Long-term portion of deposits	–	(140)
	151,476	146,997

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For the six months ended 30 September 2023

19. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

Notes:

- (a) Margin receivables are secured by the clients' pledged securities with undiscounted market value of approximately HK\$532,397,000 (unaudited) (31 March 2023: HK\$599,236,000 (audited)) as at 30 September 2023 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 clients are repayable on demand and bear interest at commercial rates. The Group repledged approximately HK\$98,223,000 (unaudited) (31 March 2023: HK\$129,570,000 (audited)) of the collateral from margin clients to secure the Group's loan facility related to bank borrowing during the period ended 30 September 2023.
- (b) As at 30 September 2023, the amounts due from an associate, an investee company and related parties amounting to HK\$904,000 (unaudited) (31 March 2023: HK\$952,000 (audited)), HK\$373,000 (unaudited) (31 March 2023: HK\$373,000 (audited)) and HK\$1,595,000 (unaudited) (31 March 2023: HK\$30,000 (audited)), respectively, are unsecured, interest-free and repayable on demand.
- (c) The increase in other receivables as at 30 September 2023 was mainly due to the increase in a temporary payment to a subcontractor made by the Group during the reporting period.

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 30–90 days (unaudited) (31 March 2023: 30–90 days (audited)) to its trade customers of other business.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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19. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

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.

As at 30 September 2023 and 31 March 2023, the ageing analysis of trade receivables (except margin receivables), net of ECL allowance, based on invoice date is as follows:

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
1 to 30 days	20,036	22,747
31 to 60 days	117	3,920
61 to 90 days	188	825
Over 90 days	13,479	3,888
	33,820	31,380

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. For margin receivables, the Group applied the general approach in calculating ECL and recognises an ECL allowance based on 12-month ECL at each reporting date. Margin receivables have been grouped based on the shortfall of loan balances over the respective collateral amounts and the days past due.

The other classes within trade and other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. Other than margin receivables, the Group does not hold any collateral as securities on its trade receivables.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

19. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (Continued)

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

	HK\$'000
Balance as at 1 April 2022 (audited)	666
ECL allowance for the year	1,068
Balance as at 31 March 2023 and 1 April 2023 (audited)	1,734
Reversal of ECL allowance for the period	(466)
ECL allowance for the period	506
Balance as at 30 September (unaudited)	1,774

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

20. 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 2023 and 31 March 2023, all loan and interest receivables are not past due. All loan and interest receivables, based on the maturity date, mature within one year and are denominated in HK\$ and United States Dollar.

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Loan receivables	184,095	174,054
Less: Provision for ECL on loan receivables – Stage 1 and 2	(5,938)	(2,136)
Loan receivables, net of provision	178,157	171,918
Interest receivables	9,687	11,474
Less: Provision for ECL on interest receivables – Stage 1 and 2	(354)	(144)
Interest receivables, net of provision	9,333	11,330
Loan and interest receivables, net of provision	187,490	183,248

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For the six months ended 30 September 2023



20. LOAN AND INTEREST RECEIVABLES (Continued)

The credit quality analysis of the loan and interest receivables is as follows:

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Loan receivables		
Neither past due nor impaired		
– Secured	7,943	8,117
– Unsecured	170,214	163,801
	178,157	171,918
Interest receivables		
Neither past due nor impaired		
– Secured	375	863
– Unsecured	8,958	10,467
	9,333	11,330
	187,490	183,248

Loan with gross carrying amount of (i) HK\$1,200,000 (unaudited) (31 March 2023: HK\$1,200,000 (audited)) was secured by the shares of certain companies incorporated in BVI; (ii) HK\$4,700,000 (unaudited) (31 March 2023: HK\$5,000,000 (audited)) was secured by certain loans and interest receivables of the customer approximately amounting to HK\$10,769,000 (unaudited) (31 March 2023: HK\$10,769,000 (audited)); (iii) HK\$2,000,000 (unaudited) (31 March 2023: HK\$2,000,000 (audited)) was secured by the securities account maintained in the subsidiary of the Group, DL Securities, investment in limited partnership fund of US\$250,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2023

20. LOAN AND INTEREST RECEIVABLES (Continued)

Loan receivables bear interest from 8%-15% (unaudited) (31 March 2023: 8%-15% (audited)) per annum and repayable in fixed term agreed with customers. Interest receivables bear interest from 8%-36% (unaudited) (31 March 2023: 8%-36% (audited)) per annum 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	Interest receivables	Total
	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2023 (audited)	171,918	11,330	183,248
New loans originated	65,259	8,971	74,230
Amounts recovered or repaid during the period	(56,953)	(9,023)	(65,976)
Transfer interest portion to loan portion	1,736	(1,736)	-
Reversal of ECL allowance on loan and interest receivables	462	45	507
ECL allowance under 12-month ECL (Stage 1) recognised during the period	(1,152)	(92)	(1,244)
ECL allowance under lifetime ECL (Stage 2) recognised during the period	(3,113)	(162)	(3,275)
Balance at 30 September 2023 (unaudited)	178,157	9,333	187,490
Balance at 1 April 2022 (audited)	159,790	6,843	166,633
New loans originated	178,558	16,623	195,181
Amounts recovered or repaid during the year	(165,914)	(12,060)	(177,974)
Reversal of ECL allowance on loan and interest receivables	1,620	68	1,688
ECL allowance under 12-month ECL (Stage 1) recognised during the year	(2,136)	(144)	(2,280)
Balance at 31 March 2023 (audited)	171,918	11,330	183,248

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For the six months ended 30 September 2023

20. LOAN AND INTEREST RECEIVABLES (Continued)

For loans and interest receivables that are not credit-impaired 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. If credit impaired is identified (“Stage 3”), ECL is measured based on lifetime ECL. In general, when loans and interest receivables are overdue by 30 days, there is 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.

21. TRADE AND OTHER PAYABLES

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Trade payables (note (a))	3,883	8,868
Trade payables to securities brokerage clients (note (b))	47,530	240,340
Contract liabilities (note (c))	570	1,336
Provision for reinstatement cost	–	250
Accrued employee benefits expenses	1,118	653
Other payables (note (d))	14,116	11,743
Dividend payable	14,976	–
Amount due to related parties	138	138
	82,331	263,328

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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21. TRADE AND OTHER PAYABLES (Continued)

Notes:

- (a) The carrying amounts of trade and other payables approximated their fair values. The Group was granted by its suppliers' credit periods ranging from 30–90 days (unaudited) (31 March 2023: 30–90 days (audited)). Based on the invoice's dates, the ageing analysis of the trade payables (excluding payables from securities dealing business) were as follows:

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
1 to 30 days	1,039	8,032
31 to 60 days	267	439
61 to 90 days	–	222
Over 90 days	2,577	175
Total trade payables (excluding payables from securities dealing business)	3,883	8,868

- (b) 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.

- (c) The contract liabilities that is expected to be settled after more than one year is nil (unaudited) (31 March 2023: HK\$28,000 (audited)).
- (d) It mainly represents (i) accruals of audit fee, consultancy fee, sales commission, interest expenses on bonds payable, promissory notes, bank borrowing and other operating expenses and (ii) amount due to the limited partnership funds or managed funds.

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22. PROMISSORY NOTES

During the six months ended 30 September 2023, the Group had issued one promissory note amounting to HK\$4,400,000 to a third party and is unsecured, bear interest rate of 10% per annum and mature in three months from the date of issue, 19 December 2023.

During the year ended 31 March 2023, the Group had issued one promissory note amounting to HK\$14,820,000 to a third party and is unsecured, bears interest rate of 8% per annum and matures in 3 months from the date of issue, on 19 June 2023. During the six months ended 30 September 2023, the promissory note was renewed with the same terms and conditions and is mature on 19 December 2023.

As at 30 September, the promissory notes are unsecured, bear interest rate from 8 to 10% per annum and mature on 19 December 2023.

As at 31 March 2023, the promissory note is unsecured, bears interest rate of 8% per annum and matures in 3 months from the date of issue, on 19 June 2023.

The following table shows the remaining contractual maturities of the promissory notes:

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Total minimum payments:		
Due within one year	19,592	15,116
Future finance charges on promissory notes	(379)	(260)
Present value of promissory notes	19,213	14,856

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23. BANK BORROWING

As at 30 September 2023, the bank borrowing was repayable within 1 year with a floating interest rate of 2% to 2.3% per annum over the Hong Kong Interbank Offered Rate as determined by the bank for an interest period of 1 or 2 week(s) or 1,2, or 3 month(s) on the first business day of such interest period (six months ended 30 September 2022: 2.3% per annum over the Hong Kong Interbank Offered Rate as determined by the bank for an interest period of 3 months on the first business day of such interest period). Effective interest rate was 6.57% (six months ended 30 September 2022: 3.37%) during the six months ended 30 September 2023. The exposure of the bank borrowing to interest rate changes and the contractual repricing dates as at 30 September 2023 was within one year.

As at 30 September 2023, the Group repledged approximately HK\$98,223,000 (unaudited) (31 March 2023: HK\$129,570,000 (audited)) of the collateral from margin clients to secure the Group's loan facility related to bank borrowing.

As at 30 September 2023, the bank borrowing was secured by corporate guarantee amounting to HK\$120,000,000 (unaudited) (31 March 2023: HK\$120,000,000 (audited)) given by the Company.

24. BONDS PAYABLE

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Bonds carried at fixed coupon rate of 5% per annum (note (a))	11,000	11,000
Bonds carried at fixed coupon rate of 8% per annum (note (b))	30,000	74,000
Bonds carried at fixed coupon rate of 10% per annum (note (c))	38,000	20,000
	79,000	105,000
Less: Non-current portion	(59,000)	(41,000)
	20,000	64,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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24. BONDS PAYABLE (Continued)

Notes:

- (a) The Company issued 5% coupon unlisted bonds during the year ended 31 March 2023 with aggregate principal amount of HK\$5,000,000. The amounts were repayable within 84 months from the date of issue.

The Company issued 5% coupon unlisted bonds during the year ended 31 March 2021 with aggregate principal amount of HK\$6,000,000. The amounts were repayable within 84 months from the date of issue.

- (b) The Company issued 8% coupon unlisted bonds during the year ended 31 March 2022 with the aggregate principal amount of HK\$87,000,000 of which HK\$30,000,000 was repayable within 60 months from the date of issue, HK\$44,000,000 was repayable within 24 months from the date of issue and HK\$13,000,000 was repayable within 12 months from the date of issue, respectively, for which HK\$13,000,000 was fully repaid during the year ended 31 March 2023 and HK\$44,000,000 was repaid during the six months ended 30 September 2023. As at 30 September 2023, nil (unaudited) (31 March 2023: HK\$44,000,000 (audited)) is repayable within 12 months.

- (c) The Company issued 10% coupon unlisted bonds during the six months ended 30 September 2023 with the aggregate principal amount of HK\$18,000,000. The amounts of HK\$18,000,000 was repayable within 24 months from the date of issue.

The Company issued 10% coupon unlisted bonds during the year ended 31 March 2023 with the aggregate principal amount of HK\$20,000,000. The amounts of HK\$20,000,000 was repayable within 12 months from the date of issue. As at 30 September 2023, HK\$20,000,000 (unaudited) (31 March 2023: HK\$20,000,000 (audited)) is repayable within 12 months.

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25. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
Authorised share capital		
As at 1 April 2022, 31 March 2023, 1 April 2023 (audited) and 30 September 2023 (unaudited)	10,000,000,000	100,000
Issued and fully paid		
As at 1 April 2022 (audited)	1,430,121,000	14,301
Issue of shares upon bonus issue (note)	23,835,350	238
As at 31 March 2023, 1 April 2023 (audited) and 30 September 2023 (unaudited)	1,453,956,350	14,539

Note: On 20 September 2022, the Company was approved for bonus issue of shares on the basis of one new share for every 60 existing ordinary shares held by the members on 29 September 2022. A total of 23,835,350 shares were issued on 14 October 2022.

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26. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated interim financial statements, the Group had the following significant transactions with related companies during six months ended 30 September 2022 and 2023:

	For the six months ended 30 September	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Advisory fee income (note a)	940	—
Management fee income (note b)	454	853
Management fee expense (note c)	31	31

Notes:

- (a) Advisory fee income of HK\$940,000 (six months ended 30 September 2022: nil) was received from DLC Capital GP Limited (“DLC Capital”), a company connected with the executive director, during the six months ended 30 September 2023.
- (b) Management fee income of HK\$454,000 (six months ended 30 September 2022: HK\$853,000) was received from the limited partnership funds, companies controlled by the executive director, during the six months ended 30 September 2023.
- (c) Management fee expense of HK\$31,000 (six months ended 30 September 2022: HK\$31,000) was paid to DL Family Office HK, an associate of the Group (six months ended 30 September 2022: a company controlled by the executive directors), for its services provided as investment manager of the limited partnership funds during the six months ended 30 September 2023.
- (d) **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	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, bonus and other short-term employee benefits	8,358	7,468
Pension costs – defined contribution plans	116	105
	8,474	7,573

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27. COMMITMENTS

27.1 Capital commitment

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Contracted but not provided for		
Capital injection to limited partnership funds	9,276	3,276
Consideration in acquisition of the remaining 55.00% equity interest in an associate	220,000	–
	229,276	3,276

27.2 Commitment as lessee

As at 30 September 2023, the lease commitment for low-value asset lease is as follows:

	As at 30 September 2023 HK\$'000 (unaudited)	As at 31 March 2023 HK\$'000 (audited)
Within one year	–	16

Total future cash outflows for this lease amounting to nil (unaudited) (31 March 2023: HK\$16,000 (audited)) in aggregate which are included in the table above.

28 SUBSEQUENT EVENTS

With effect from 21 November 2023, Mr. Wang Yiding is appointed as a non-executive Director and Mr. Li Xiaoxiao is appointed as an independent non-executive Director, a member of nomination committee of the Company and a member of remuneration committee of the Company. For further details, please refer to the Company's announcement dated 21 November 2023.

The acquisition of the remaining 55% interest in DL Family Office HK was completed in accordance with the terms and conditions of the sale and purchase agreement on 28 November 2023. Upon completion, DL Family Office HK has become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements. For further details, please refer to the Company's announcement dated 28 November 2023.

MANAGEMENT DISCUSSION AND ANALYSIS



BUSINESS REVIEW

During the six months ended 30 September 2023 (the “Reporting Period”), despite the uncertainties cast on the global economic prospect by the international conflicts and other market events, the Group continued to expand its financial services of licensed business, including, financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; investment management and advisory services; insurance brokerage services to customers; and money lending services (the “Financial Services Businesses”).

During the Reporting Period, the Group recorded a decrease in revenue by approximately 19.1% to approximately HK\$101.3 million (six months ended 30 September 2022: HK\$125.2 million). Gross profit decreased by approximately 23.0% to approximately HK\$50.9 million (six months ended 30 September 2022: HK\$66.1 million). The Group recorded a profit for the period of approximately HK\$7.0 million (six months ended 30 September 2022: loss for the period of HK\$30.2 million).

Provision of financial services of licensed business

The financial services provided by the licensed business of the Group include financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; investment management and advisory services; and insurance brokerage services to customers.

The financial advisory services provided by the Group include advising clients on corporate finance. During the Reporting Period, the Group has provided financial advisory services to its clients from different industry sectors, including communications, industrial, consumer, technology, and financial sectors, and some of which are companies listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The securities research services include conducting research by the in-house analysts of the Group and producing research reports for clients in relation to our securities trading and brokerage and margin financing services.

The securities trading and brokerage services include trading securities on behalf of the clients of the Group. As at 30 September 2023, the Group had 482 (31 March 2023: 418) securities brokerage clients, and the total customer asset size for brokerage services amounted to approximately HK\$1,369 million (31 March 2023: HK\$2,598 million). During the Reporting Period, the transaction amount for the securities trading and brokerage services amounted to approximately HK\$1,606 million (six months ended 30 September 2022: HK\$2,745 million).

The margin financing business includes provision of stock-secured financing for retail, corporate and high-net-worth clients who need financing to purchase securities. As at 30 September 2023, the loan receivables from margin financing services amounted to approximately HK\$93.9 million (31 March 2023: HK\$102.9 million).



MANAGEMENT DISCUSSION AND ANALYSIS

The referral services include (a) advising, sourcing, and referring investment targets and/or investors to institutional funds; (b) connecting projects with clients and buyers with clients; and (c) coordinating, advising on, and executing fundraising projects. During the Reporting Period, the Group mainly provided referral services to financial sector clients.

The investment management services mainly include managing the investment portfolio and asset allocation of offshore funds. The Group had a licensed entity in the Cayman Islands (the “Cayman Investment Manager”) and a licensed entity in Singapore (the “Singapore Investment Manager”), and commenced the provision of investment management services in Cayman Islands and Singapore. DL Family Office (HK) Limited, a licensed entity to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities by the Securities and Futures Commission, perform its investment management services in Hong Kong. The investment advisory services include providing securities advisory services to clients. As at 30 September 2023, the assets under investment management and assets subject to investment advisory services of the Group amounted to approximately HK\$9,176 million (31 March 2023: HK\$7,290 million).

During the Reporting Period, the service fees charged by the Group for managing the assets under investment management in Cayman Islands and Singapore amounted to approximately HK\$13.5 million (six months ended 30 September 2022: HK\$10.2 million).

The insurance brokerage service includes sourcing insurance policies for clients and advocating on clients’ behalf to liaise with insurance companies. During the Reporting Period, the services fee charged by the Group for provision of insurance brokerage services amounted to approximately HK\$6.5 million (six months ended 30 September 2022: nil).

During the Reporting Period, the segment revenue for provision of financial services of licensed business was approximately HK\$78.4 million (six months ended 30 September 2022: HK\$88.7 million), and the segment profit for the Reporting Period was approximately HK\$1.5 million (six months ended 30 September 2022: HK\$22.1 million). The decrease in segment revenue and profit was mainly attributable to the decrease in revenue from financial advisory services in relation to placing of securities corporate finance advisory services.

Provision of money lending business

The Group, through its indirectly wholly-owned subsidiary, DA Finance (HK) Limited, holding money lender license issued under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong), engages in money lending business which mainly targets individual and corporate customers who wish to obtain funding for investment and general working capital purpose. Revenue attributable to the Group’s money lending business is generated from interest income received by the Group on the loans (which was funded by way of utilising the Group’s internal financial resources and/or issuance of promissory notes to professional investors) granted to such customers.

MANAGEMENT DISCUSSION AND ANALYSIS



The loans granted by the Group's money lending business consisted of secured loan financing and unsecured loan financing. Secured loan financing includes the pledge of assets including securities, bonds, funds, and shares in private and public companies, etc., depending on the credit risk as assessed by the Group and availability of securities which are assessed on a case-by-case basis; whereas unsecured loan financing is granted to customers with established business relationship with the Group and satisfactory historical creditworthiness.

During the Reporting Period, the segment revenue for provision of money lending services was approximately HK\$8.3 million (six months ended 30 September 2022: HK\$8.3 million), and segment profit was approximately HK\$2.6 million (six months ended 30 September 2022: HK\$5.7 million). The segment revenue remained relatively stable as compared to the corresponding period for the six months ended 30 September 2022. The decrease in segment profit by approximately 53.4% was attributable to the expected credit loss of receivables recorded during the Reporting Period.

Risk management policies adopted by the Group's money lending business

The Group manages its credit risk by adoption of conservative credit risk assessment policy before approval of loan and continue monitoring of outstanding receivables.

Credit risk assessment of customers

Before granting any loans to customers of money lending business of the Group, a series of credit assessment procedures, such as identity checks, financial position assessment and public searches, were performed by the Group.

- (i) Know-your-client and background check: The Group would first conduct know-your-client procedures in obtaining the background information and understanding the purposes of financing by the customers who wish to obtain financing from the Group.
- (ii) Review of the customer's financial capacity: The Group would ensure that the customers have the financial capacity to meet the repayment obligations by assessing credit risk of each customer based on, among others, the financial status, business performance, future prospect of the industry that the customer operates and shareholder's background of the corporate customers, and the employment status, income stream, source of repayment and personal financial position for individual customers, internal and external credit checking results.
- (iii) Review of customer's repayment history and creditworthiness: The repayment history, bankruptcy, receivership or liquidation records of the potential customers may also be obtained and reviewed by the Group prior to the grant of the loans.
- (iv) Where applicable, the availability of any guarantee, collateral and/or other forms of security to be provided by the customer to secure the repayment of the loan.



MANAGEMENT DISCUSSION AND ANALYSIS

Determination of the terms of the loans

Having satisfied and based on the background checks and credit assessments results conducted on the potential customer, the Group will determine, on a case-by-case basis, the amount of the loan to be granted, the relevant interest rate, loan term, and/or any other applicable terms and conditions. The Group would consider whether security or collateral is required secure the repayment obligations of the customer, in particular where there are concerns that the existing assets of the potential customers may not be able to cover the loan and interests.

Prior to granting the unsecured loans granted to the customers, the Group would first consider the business relationship and repayment history between the Group and the customer, and obtain the asset proof of such customers of the Group as evidence to show that the customers hold sufficient (or more than sufficient) assets to fulfil its repayment obligations. In relation to the unsecured loan and interest receivables that remains outstanding as at 30 September 2023, the following key terms were determined and approved by the Group before it grants unsecured loans to customers with established business relationship with the Group and satisfactory historical creditworthiness:

- (i) the maturity date of the loans offered by the Group were all within one year and was relatively short such that the credit risk exposure to the Group is limited; and
- (ii) the interest rate of the loans granted by the Group bore interest from 8.0% to 15.0%, which is higher than the one-year fixed deposit rate offered by banks in Hong Kong, the best lending rate of the major banks in Hong Kong and, based on the information available to the management of the money lending business, the interest rate charged by other financial institutions in the market during the Reporting Period.

Monitoring loan repayment and recovery

The Group seeks to maintain strict control over its outstanding receivables, including assigning a maximum credit limit to each customer which would from time to time being reviewed based on the financial performance and creditworthiness of such customer. Overdue balances are reviewed regularly by management of the money lending business.

Subsequent to the drawdown of the loans by the relevant customer, the Group will regularly review and update the information it obtained during the credit assessment procedures. The Group also actively reviews and monitors the loan repayment status to ensure all the interests and principal payments are punctual and the past due amounts, if any, are closely followed up. The credit policy is reviewed and revised on a regular basis to incorporate changes in the prevailing market and economic conditions, legal and regulatory requirements, and other factors the directors of the money lending business consider as important.

MANAGEMENT DISCUSSION AND ANALYSIS



Where a loan is not repaid on or before its maturity date:

- (a) the operation team of the money lending business would first issue repayment notice to the borrowers to remind the repayment of the loan on the maturity date;
- (b) If the loan is not repaid after the maturity date, the directors of the money lending business would issue one or more demand letter(s) to the borrowers;
- (c) If the loan is not fully repaid after the issue of the demand letter(s), the directors of the money lending business and the finance team of the Group would review the outstanding amount, the duration of the default, the historical repayment record, the financial position of the borrowers (e.g. based on the asset proof previously and/or from time to time provided upon the Group's request) and the responsiveness of the borrowers to consider further recovery action required. If the borrower seeks further extension of the maturity date, the directors of the money lending business and the finance team of the Group will also review and negotiate the loan settlement plans with the borrowers to ensure such loan settlement plans are in the best interests of the Company; and
- (d) In the event the directors of the money lending business are in the view that further action is required after considering the factors stated in (c) above, and upon obtaining approval from the chief executive officer of the Company, the directors of the money lending business would consider taking recovery actions against the default borrowers, including legal actions such as issuance of statutory demand, commencing debt recovery proceedings and enforcing the securities etc.

Loan impairment policies adopted by the Group

As required under Hong Kong Financial Reporting Standard 9 “Financial Instruments”, the Group performed impairment assessment under the Expected Credit Loss (“ECL”) model on loan and interest receivables as at 30 September 2023. Key inputs used for measuring the ECL are the probability of default, the magnitude of the loss if there is default and the exposure of the Group at default.

HKFRS 9's impairment requires the use of more forward-looking information to recognise ECL – the “ECL model”. Instruments within the scope included loans and other debt-type financial assets measured at amortised cost and trade receivables.



MANAGEMENT DISCUSSION AND ANALYSIS

The Group considers a broader range of factors when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying such forward-looking approach pursuant to HKFRS 9, a distinction is made between: financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (“Stage 1”), financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (“Stage 2”), and financial assets that have objective evidence of impairment at the reporting date (“Stage 3”). “12-month ECL” are recognised for the Stage 1 category while “lifetime ECL” are recognised for the Stage 2 category. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

For loan and interest receivables that are not credit-impaired without significant increase in credit risk since initial recognition (i.e. Stage 1), ECL is measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months. If a significant increase in credit risk since initial recognition is identified (i.e. Stage 2) but not yet deemed to be credit impaired, ECL is measured based on lifetime ECL. If credit impaired is identified (i.e. Stage 3), ECL is measured based on lifetime ECL. In general, when loan and interest receivables are overdue by 30 days, there is significant increase in credit risk.

Outstanding Loan Receivables and Interest Receivables as at 30 September 2023 and the Major Terms of the Loans

As at 30 September 2023, the total outstanding loan receivables was approximately HK\$184.1 million which was granted to 27 borrowers, of which approximately 66.2% of the borrowers are individuals and 33.8% of the borrowers are corporate borrowers from various sectors including, but not limited to, media, investment, finance, consulting, etc.. Loan receivables from the five largest borrowers amounted to approximately HK\$62.9 million or 34.2% of the total outstanding loan receivables as at 30 September 2023. The weighted maturity profile is approximately 4.28 months. As at 30 September 2023, the loan receivables bore interest from 8.0% to 15.0% per annum and repayable in fixed terms agreed between the parties. As at 30 September 2023, the interest receivables bore interest from 8.0% to 36.0% per annum for default interest and repayable in fixed terms agreed with customers. The secured loans, representing approximately 4.5% of the total outstanding loan receivables, were secured by interests in a limited partnership fund and senior note issued by a listed company in Hong Kong. The weighted ageing of the outstanding loan receivables based on the initial loan commencement date as set out in the relevant contracts was approximately 7.72 months as at 30 September 2023.

MANAGEMENT DISCUSSION AND ANALYSIS



The ageing analysis of loan receivables based on initial loan commencement date as set out in the relevant contracts is as follows:

	As at 30 September 2023 HK\$'000
Within 1 month	27,000
1 to 6 months	111,984
7 to 9 months	21,200
10 to 12 months	23,911
Total	184,095

The ageing analysis of loan receivables based on the maturity dates as set out in the relevant contracts is as follows:

	As at 30 September 2023 HK\$'000
Not due yet	184,095
Overdue	–
Total	184,095

MANAGEMENT DISCUSSION AND ANALYSIS

Basis of impairment assessments and movements of impairments or write-off of loan receivables for the year ended 30 September 2023

The Group engaged an independent valuer (the “Valuer”) to conduct a valuation to assess the ECL of the loan and interest receivables as at 30 September 2023. The assessment methodology was based on the three-stage model outlined by HKFRS 9 and the Valuer adopted the general approach to assess the ECL of the loan and interest receivables in which the loss rates of the loan and interest receivables are derived from (i) the probability of default; (ii) loss given default (being the magnitude of the loss if there is default); and (iii) the exposure at default. Although there was no default in the loan and interest receivables of the Group, the Group categorised part of loan and interest receivables that were rolled over from the previous maturity date in stage 2 of the ECM model out of prudence, where the Group considered that there was a significant increase in credit risk since initial recognition is identified but not yet deemed to be credit-impaired and the ECL is measured based on lifetime ECL. The rest of the loan and interest receivables not in default were categorised under stage 1 of the ECL model, being financial assets without significant increase in credit risk since initial recognition where ECL allowance is calculated based on 12-month ECL. After considering (i) the average probability of default and recovery rate for unsecured individual loans issued by major banks in Hong Kong; (ii) the probability of default and recovery rate issued by credit rating agencies; and (iii) the market indicators reflecting credit risks, the Valuer assessed an expected credit loss of the loan receivables and interest receivables of approximately \$6,292,000 (i.e. ECL allowance for loan receivables of approximately HK\$5,938,000 plus ECL allowance of interest receivables of approximately HK\$354,000) as at 30 September 2023 was recognised by the Group.

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

The sale of apparel products business includes selling apparels and sourcing suppliers and third-party manufacturers to produce apparels that meet the requirements of the customers of the Group (the “Sale of Apparel Products Business”) and the supply chain management total solutions business (together with the Sale of Apparel Products Business, the “Apparel Business”) include market trend analysis, design and product development, sourcing, production management, quality control and logistics services.

During the Reporting Period, the Group continued to explore business opportunities with e-commerce customers and Direct to Consumer (D to C) model brands by selling apparels products to them and arranging the delivery of goods from factory to customer distribution centers of clients or from factory directly to final customers of clients.

During the Reporting Period, the segment revenue for the Apparel Business amounted to approximately HK\$2.6 million (six months ended 30 September 2022: HK\$16.2 million), and the segment loss for the Reporting Period was approximately HK\$3.3 million (six months ended 30 September 2022: HK\$5.2 million). The Apparel Business continued to suffer from challenges in the global business environment and fierce competition and international trade conflicts, and the business environments remain very challenging.

MANAGEMENT DISCUSSION AND ANALYSIS



Provision of enterprise solutions services

The Group's enterprise solutions services business includes provision of global identity planning and wealth inheritance consultancy services, and other business consultancy services to high net-worth clients. During the Reporting Period, our enterprise solutions services business contributed segment revenue of approximately HK\$12.0 million (six months ended 30 September 2022: HK\$12.0 million) and recorded a segment profit of approximately HK\$6.3 million (six months ended 30 September 2022: HK\$0.6 million).

The segment revenue remained relatively stable as compared to the corresponding period for the six months ended 30 September 2022. The increase in segment profit was attributable to the increase in gross profit from projects.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group reported revenue of approximately HK\$101.3 million, representing a decrease of approximately 19.1% from approximately HK\$125.2 million for the six months ended 30 September 2022. The decrease was mainly attributable to the decrease in revenue by the sales of apparel products and the provision of financial services of licensed business.

During the Reporting Period, the segment revenue of the provision of financial services of licensed business decreased by approximately 11.6% to approximately HK\$78.4 million (six months ended 30 September 2022: HK\$88.7 million). The decrease was mainly attributable to the decrease in revenue from financial advisory services in relation to placing of securities and corporate finance advisory services.

During the Reporting Period, the segment revenue of the money lending services amounted to approximately HK\$8.3 million (six months ended 30 September 2022: HK\$8.3 million).

During the Reporting Period, the segment revenue for the Apparel Business decreased to approximately HK\$2.6 million (six months ended 30 September 2022: HK\$16.2 million). The Apparel Business continued to suffer from challenges in the global business environment and fierce competition and international trade conflicts, and the business environments remain very challenging.

During the Reporting Period, the segment revenue of enterprise solutions services amounted to approximately HK\$12.0 million (six months ended 30 September 2022: HK\$12.0 million).



MANAGEMENT DISCUSSION AND ANALYSIS

Cost of sales/services

The Group's cost of sales/services primarily consists of cost of goods sold from the Apparel Business and cost of services from the Financial Services Businesses.

The cost of goods sold from the Apparel Business mainly consists of (i) fees charged by third-party manufacturers; and (ii) cost of raw materials occasionally purchased by the Group and passed to third-party manufacturers for their production of salesman samples.

The costs of services from the Financial Services Businesses mainly consist of sub-referral fee to business vendors and expenses for placement projects.

During the Reporting Period, the cost of sales/services decreased to approximately HK\$50.4 million (six months ended 30 September 2022: HK\$59.1 million). Such decrease was primarily attributable to the significant decrease in cost of sales for the Apparel Business, which was in line with the drop of revenue in the Apparel Business, and the decrease in cost of services by the provision of financial services of licensed business.

Gross profit and gross profit margins

During the Reporting Period, the gross profit of the Group decreased by approximately 23.0% to approximately HK\$50.9 million (six months ended 30 September 2022: HK\$66.1 million), which was mainly attributable to the decrease of gross profit from the Financial Services Businesses and Apparel Business. During the Reporting Period, the gross profit margin of the Group remained relatively stable at approximately 50.2%, as compared to approximately 52.8% for the six months ended 30 September 2022.

Other gains/(losses), net

During the Reporting Period, the Group recorded other gains, net of approximately HK\$7.5 million (six months ended 30 September 2022: other losses, net of HK\$41.9 million). The turnaround was mainly attributable to the fair value losses on financial assets at fair value through profit or loss ("FVTPL") of approximately HK\$40.6 million recorded during the six months ended 30 September 2022, which was one-off and non-recurring in nature.

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 focusing on sourcing new customers in the Apparel Business. During the Reporting Period, selling expenses decreased by approximately 68.5% to approximately HK\$0.5 million (six months ended 30 September 2022: HK\$1.5 million). The decrease was mainly attributable to the decrease in sales commission incurred.

MANAGEMENT DISCUSSION AND ANALYSIS



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. During the Reporting Period, general and administrative expenses increased by approximately 22.1% to approximately HK\$49.1 million (six months ended 30 September 2022: HK\$40.2 million). The increase was mainly attributed to the increase in employee benefit expenses and consultancy fees during the Reporting Period.

Finance costs

During the Reporting Period, finance costs increased by approximately 18.8% to approximately HK\$6.1 million (six months ended 30 September 2022: HK\$5.1 million). The increase was mainly attributed to the increase in the interest expenses on bank borrowing, bonds payable and promissory notes during the Reporting Period.

Profit/(loss) for the period

Profit for the period amounted to approximately HK\$7.0 million (six months ended 30 September 2022: loss for the period of HK\$30.2 million). The change from loss for the period to profit for the period was mainly attributable to (i) the fair value losses on financial assets at FVTPL of approximately HK\$40.6 million recorded during the six months ended 30 September 2022, which was one-off and non-recurring in nature; and (ii) the recognition of share of profit from associate of approximately HK\$6.1 million, which was partially offset by the decrease in gross profit of approximately HK\$15.2 million.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group mainly financed its operations with its own working capital, proceeds from bank borrowing, corporate bonds, and promissory notes. As at 30 September 2023, the Group had net current assets of approximately HK\$262.1 million (31 March 2023: HK\$240.4 million), including cash and cash equivalents of approximately HK\$57.6 million (31 March 2023: HK\$83.5 million). As at 30 September 2023, the Group's current ratio was 2.42 (31 March 2023: 1.58).

As at 30 September 2023, the Group had bank borrowing of approximately HK\$51.0 million (31 March 2023: HK\$50.0 million) at a floating interest rate of 2% to 2.3% per annum over the Hong Kong interbank offered rate. The bank borrowing is denominated in Hong Kong Dollars and is repayable within one year and secured by the corporate guarantee given by the Company.

As at 30 September 2023, the aggregate principal amounts of promissory notes issued by the Group amounted to approximately HK\$19.2 million (31 March 2023: HK\$14.9 million), with interest rates of 3% per annum, which are denominated in Hong Kong Dollars and shall be repayable within one year.

As at 30 September 2023, the Group had unlisted coupon bonds in issue to independent third party subscribers with an aggregate principal amount of HK\$79.0 million (31 March 2023: HK\$105.0 million). The unlisted bonds are denominated in Hong Kong Dollars and unsecured and not guaranteed.

MANAGEMENT DISCUSSION AND ANALYSIS

The coupon rate and maturity date of the unlisted coupon bonds issued by the Group as at 30 September 2023 are set out as follows:

Principal amount of the unlisted bonds	Maturity date	Coupon rate
(1) HK\$11 million	Within 84 months from the date of issue	5%
(2) HK\$30 million	Within 60 months from the date of issue	8%
(3) HK\$18 million	Within 24 months from the date of issue	10%
(4) HK\$20 million	Within 12 months from the date of issue	10%

As at 30 September 2023, the cash and cash equivalents of the Group were mainly held in Hong Kong Dollars, Renminbi, United States Dollars and Singapore Dollars.

Details of the Company's share capital are set out in note 25 of this report.

Gearing ratio is calculated by dividing total debts (including bonds payable, promissory note, bank borrowing, and lease liabilities) by total equity as at the end of the Reporting Period. The Group's gearing ratio decreased from approximately 40.0% as at 31 March 2023 to approximately 35.4% as at 30 September 2023 which was mainly attributable to net repayment of the Group's interest-bearing debts.

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, capital injection to a limited partnership fund and acquisitions of companies. As at 30 September 2023, the Group had no lease commitments for short-term lease (31 March 2023: approximately HK\$16,000) and the capital commitments of the Group amounted to approximately HK\$229.3 million (31 March 2023: approximately HK\$3.3 million).

CAPITAL STRUCTURE

As at 30 September 2023, the capital structure of the Group consisted of (i) net cash and cash equivalents; (ii) equity attributable to owners of the Group, comprising issued capital and other reserves; and (iii) other borrowings comprising corporate bonds, bank borrowing and promissory notes.

MANAGEMENT DISCUSSION AND ANALYSIS



SIGNIFICANT INVESTMENTS

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 “Subscription Agreement”). The Target Company is an associate of Ms. Jiang Xinrong (“Ms. Jiang”), the honorary chairman of the Board (the “Chairman”) and executive Director and Mr. Chen Ningdi, the chairman, the executive Director and chief executive officer of the Company (the “Chief Executive Officer”). 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 “Subscription”). The Subscription has completed on 30 December 2020 and the consideration was satisfied by a combination of cash and the issuance of promissory note by the Company.

The Target company is principally engaged in the investment, construction and development of an ultra-luxury real estate project. The construction of the real estate project has been kicked off in the early 2023. Offsite cut and fill grading and road widening is under process. A sales centre was established and launched in May 2023. The investment of the Group in the Target Company is stated at fair value and is recorded as financial assets at FVTPL. As at 30 September 2023, the fair value of the investment in the Target Company amounted to approximately HK\$110.8 million (31 March 2023: HK\$107.1 million), which represents approximately 16.5% of the total assets of the Group as at 30 September 2023. No dividend was received from this investment by the Group during the Reporting Period. During the Reporting Period, there is a fair value gain of approximately HK\$3.7 million (six months ended 30 September 2022: fair value loss of approximately HK\$3.8 million) arising from this investment.

The Subscription represents the first real estate investment of the Group. Notwithstanding the fact that the Subscription interest bears no management rights or control on the Target Company, having considered that the Group has been expanding its investment portfolio, the Board is of the view that being a passive financial investor in the Target Company, the Group will be able to enjoy the future potential profit through distribution to be made by the Target Company.

Save as disclosed above, as at 30 September 2023, the Group had no significant investment accounting for more than 5% of the Group’s total assets.

The Group adopts prudent and pragmatic investment strategies over its significant investments 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.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 14 September 2023 (after trading hours of the Stock Exchange), DL Asset Management Limited (the “Purchaser”) (a direct wholly-owned subsidiary of the Company) and DL Global Holdings Limited (the “Vendor”) entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, which represent approximately 55.00% of the entire equity interest of the DL Family Office (HK) Limited (the “DL Family Office HK”) at the consideration of HK\$220 million, which will be satisfied by cash and the issue of the promissory note in the principal amount of HK\$150 million to be issued by the Company to the Vendor on the completion date. Prior to completion, the Purchaser legally and beneficially owns 8,195,441 shares of the Target Company, representing approximately 45.00% of the entire issued share capital of DL Family Office HK, and the Vendor legally and beneficially owns the sale shares (i.e. 10,016,651 shares of DL Family Office HK), representing approximately 55.00% of the entire issued share capital of DL Family Office HK. The transaction was completed on 28 November 2023. Upon the completion, the Target Company has become an indirect wholly-owned subsidiary of the Company and DL Family Office HK’s financial results will be consolidated into the financial statements of the Company.

DL Family Office HK is principally engaged in provision of financial services of licensed businesses including securities advisory services and asset management services. DL Family Office HK is a licensed corporation under the Securities and Futures Ordinance and is permitted to carry on Type 4 regulated activity (advising on securities) and Type 9 regulated activity (asset management).

For further details, please refer to the announcements of the Company dated 14 September 2023 and 28 November 2023.

Save as the disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures for the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, there was no further specific plan for material investments or capital assets as at 30 September 2023. 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 Listing Rules as and when appropriate.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2023 (31 March 2023: nil).

FOREIGN EXCHANGE EXPOSURE

The Group’s exposure to currency risk is primarily related to Renminbi, United States dollars, Singapore dollars and Canadian dollars. As at 30 September 2023, foreign exchange risk on financial assets and liabilities denominated in the above-mentioned foreign currencies was insignificant to the Group. The Group currently does not undertake any foreign currency hedging and does not use any financial instrument for hedging purposes.

MANAGEMENT DISCUSSION AND ANALYSIS



CHARGES ON GROUP ASSETS

As at 30 September 2023, the Group did not pledge any of its assets (31 March 2023: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2023, the Group employed a total of 73 (31 March 2023: 66) full-time employees. The Group's employee benefit expenses mainly included salaries, wages, other staff benefits and contributions to retirement schemes. For the Reporting Period, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$22.3 million (six months ended 30 September 2022: HK\$20.7 million). 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

In respect of the Financial Services Businesses, it remained to be a major contributing factor to the for the Reporting Period recorded by the Group. As part of the forward-looking strategy, the Group aims to be a prominent asset management and financial services platform, with a core focus on family office in the Asia-Pacific region. The Group's developing strategy is as below:

1. Based on the financial advisory services provided through DL Family Office HK and DL Emerald Wealth Management Limited, the Group provides personalised wealth management and succession services throughout the entire life cycle for ultra-high net worth families. Its goal is to expand the current asset under management ("AUM")/asset under advisory ("AUA") under the family office division from approximately USD2.3 billion to approximately USD4.0 billion by the end of March 2024.
2. DL Securities ("DLS") will continue to serve the Group's increasing key corporate clients and expand its investor base for capital market activities. DLS currently manages over 25 limited partnership funds and other funds with total AUM/AUA of over USD935 million, which the Group aims to further increase such amount by the end of March 2024.
3. DL Asset Management ("DLAM") and DLS have developed a standardised investment scheme ("Flagship Strategy") for all investors under DL Securities trading platform, where the Group is able to offer standard global asset allocation and management services to high-net-worth families, professional investors ("PI"), financial institutions, private enterprises, and external wealth management platforms. With such effort, the investment and services under the family office division will not be limited to ultra-high net worth families but can be extended to other range of investors under a more standardised and scalable DL Flagship program. The Group's target is to achieve at least 1000 PI client accounts by the end of March 2024. DLAM will also develop other asset management products and offer them to the Group's increasing investor pool.



MANAGEMENT DISCUSSION AND ANALYSIS

- DL New Economy Research Institute (the “Institute”) is established to promote the institutionalisation, programming, systematisation and professionalism of internal research, providing recommendations and valuable reference for the overall investment direction of the Group. Internally, the Institute will provide reports, consultation and services based on the needs of research from different departments. Externally, the Institute will launch extensive inter-industry cooperation to expand the influence of the think-tank and provide services such as macroeconomic trends and specialised industry analysis for the family office customers of the Group. The Group will provide research results of the wealth management industry both internally and externally in the form of a think-tank to provide advice and suggestions for the government and the development of the industry. The Institute will fully leverage on the market and information advantages of Hong Kong as an international financial center as well as the business platform of the Group, actively put into practice the Group’s philosophy of “Delivering Legacy”, employ competent think-tanks and talent teams, and strengthen the application and promotion of the brand name of “DL Research”, to solidly promote and enhance the Group’s research capability and customer service level.
- DLAM will be transformed from the form of traditional asset management into a digital family office, DL Digital Family Office (“DL Digital FO”). DL Digital FO will be complementary to the existing multifamily office business, with a coverage of professional investors above the entry level (US\$1 million), providing them with basic family office diversified investment services and targeting potential clients in advance, to increase the number of clients and the total amount of assets under management. By combining big data, cloud computing and blockchain technologies, DL Digital FO will gradually help the professional investment grade clients in the asset management category enjoy the family office level investment services and favourable returns through the artificial intelligence investment advisory system. DL Digital FO will be defined as: a digital wealth manager for professional investors, together with the Group’s multifamily office, securities investment, global real estates and the newly established institute for new economic research, accelerates on the path of wealth management of rapid informatization development. The establishment of DL Digital FO will become the first new family office service platform to provide true “three-in-one”, namely digital, intelligent and humanized, services in the Guangdong-Hong Kong-Macao Greater Bay Area. DL Digital FO will fully connect the well-established investment strategies and past performance of DLAM with artificial intelligence and big data, lowering the investment threshold while providing effective risk control, maintaining transparency and agility, and escorting the preservation and enhancement of asset value of the clients.
- DL Global Real Estate has been established based on its initial investment in Carmel project. The Group expects to complete phase one construction by the end of March 2024. The Group will also start exploring real estate investment opportunities in Hong Kong, Singapore, Japan and the United States in both equity and credit nature. The Group aims to increase its investments and real estate related AUM by the end of March 2024.

MANAGEMENT DISCUSSION AND ANALYSIS



LAUNCH OF AI FAMILY OFFICE

On 15 November 2023, the Company officially launched the global artificial intelligence (AI) family office, which would accelerate the global strategic planning of AI wealth management on top of the foundation of the existing digital family office.

With the rapid development and global industrial application of AI technology in recent years, the wealth management and asset management industries are also facing great opportunities and challenges. Traditional wealth management methods, asset allocation methods, valuation structure logic, and most importantly, customer needs are all constantly changing and developing in a non-linear manner.

In order to adapt to and lead the future development trend of family office wealth management, the Group is building a decentralized AI platform based on large models and big data, which will become the underlying logic and new architecture for the future development of family office and the wealth management industry.

Reference is made to the announcements of the Company dated 8 September 2023 and 10 October 2023 in relation to the establishment of the New Economy Research Institute and digital family office by the Group within the year, transforming the asset management business into a smart asset management and wealth inheritance platform supported by digital technology. On this basis, the Group has established the global AI business department, and has established an AI technology company in Silicone Valley, US, with the goal being to forge a new ecosystem of AI wealth management, utilizing AI technology and blockchain technology to empower the continued philosophy of “Delivering Legacy” of the Group, giving everyone access to an AI steward that can learn and evolve independently, to truly possess their own family office, and command over their wealth and life.

The AI family office system (DL-GPT) and application programming interface of the Group are currently in the research and development stage and is nearing launch, and they are expected to become available in January 2024.

With the diversified revenue source and capability of the Group, the Group strives to proactively adapt to the changing environment with an ultimate aim of bringing better investment return to the shareholders of the Company. Looking forward, the Group will proactively review its performance and prospects in different business segments from time to time in light of the changing business environment, with an aim of optimizing the use of the Group's resources in the interests of the Company thereby bringing maximum return to the shareholders of the Company.



MANAGEMENT DISCUSSION AND ANALYSIS

On the other hand, the global economy uncertainty and international conflict had been imposing pressure on the general prospects of apparel industry and overall trading environment. In face of such pressure, the Group adopted a conservative strategy in the Apparel Business with the view to lowering the risk exposure of the Group amid such turbulent market situation. Nonetheless, the adverse impact on the business environment persisted throughout the Reporting Period and despite the cost control measures taken by the Group, the Group continued to record gross loss position for the Apparel Business segment. Whilst the Group continues to assess its sales strategy for the Apparel Business having taking into account the demand for apparel products globally and the profit margin of the business segment following cost-benefit analysis of the Group, the Group will from time to time reassess the Group's strategy in allocating of its resources between the business units so as to ensure the interests of the Company and its shareholders are preserved.

SUBSEQUENT EVENTS

1. With effect from 21 November 2023, Mr. Wang Yiding is appointed as a non-executive Director and Mr. Li Xiaoxiao is appointed as an independent non-executive Director, a member of nomination committee of the Company and a member of remuneration committee of the Company. For further details, please refer to the Company's announcement dated 21 November 2023.
2. The acquisition of the remaining 55% interest in DL Family Office HK was completed in accordance with the terms and conditions of the sale and purchase agreement on 28 November 2023. Upon completion, DL Family Office HK has become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated into the Group's consolidated financial statements. For further details, please refer to the Company's announcement dated 28 November 2023.
3. On 8 December 2023, DL Digital Family Office (HK) Limited, an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding in relation to a possible acquisition of a target company principally engaged in information technology service in development of AI-based data analytics platforms and the provision of fintech solutions. For further details, please refer to the Company's announcement dated 8 December 2023.

Since 30 September 2023 and up to the date of this report, save as disclosed above, there is no significant event affecting the Group that have occurred.

OTHER INFORMATION



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

As at 30 September 2023, 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	Approximate percentage of interest in the Company (Note 1)
Mr. Chen Ningdi ("Mr. Chen")	Interest of controlled corporation	535,808,134 (Note 2)	36.85%
	Interest of spouse	226,328,299 (Note 3)	15.57%
	Beneficial owner	17,791,666 (Note 2)	1.22%
Mr. Chan Kwan	Beneficial owner	40,666,666 (Note 4)	2.80%
Mr. Ai Kuiyu ("Mr. Ai")	Beneficial owner	13,608,133 (Note 5)	0.93%
	Interest of spouse	559,166 (Note 5)	0.04%
Mr. Lang Joseph Shie Jay ("Mr. Lang")	Beneficial owner	4,500,000 (Note 6)	0.31%
	Interest of spouse	1,427,400 (Note 6)	0.10%
Ms. He Zhiying ("Ms. He")	Beneficial owner	6,044,874 (Note 7)	0.42%



OTHER INFORMATION

Notes:

1. Based on the total number of issued Shares as at 30 September 2023 .
2. DA Wolf Investments I Limited (“DA Wolf”) directly owned 535,808,134 Shares, representing approximately 36.85% of all issued Shares as at 30 September 2023. Mr. Chen being the sole shareholder of DA Wolf was deemed to be interested in the total of 535,808,134 Shares held by DA Wolf. Mr. Chen also held 17,791,666 Shares as beneficial owner.
3. Rapid Raise Investments Limited (“Rapid Raise”), a company wholly owned by DL Global Holdings Limited (“DL Global”) as at 30 September 2023, 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 Xinrong (“Ms. Jiang”), directly held 226,124,966 Shares, representing approximately 15.55% of all issued Shares as at 30 September 2023. Accordingly, Ms. Jiang was deemed to be interested in the 226,124,966 Shares held by Rapid Raise. Ms. Jiang also held 203,333 Shares as beneficial owner. 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.
4. These 40,666,666 Shares represented the Shares beneficially owned by Mr. Chan Kwan.
5. These 13,608,133 Shares represented 6,108,133 Shares held by Mr. Ai and 7,500,000 share options granted to Mr. Ai pursuant to the Share Option Scheme. These 559,166 Shares represented the Shares held by the spouse of Mr. Ai. By virtue of the SFO, Mr. Ai was deemed to be interested in those Shares.
6. These 4,500,000 Shares represented 4,500,000 share options granted to Mr. Lang pursuant to the Share Option Scheme. These 1,427,400 Shares represented the Shares held by the spouse of Mr. Lang. By virtue of the SFO, Mr. Lang was deemed to be interested in those Shares.
7. These 6,044,874 Shares represented 3,544,874 Shares held by Ms. He and 2,500,000 share options granted to Ms. He pursuant to the Share Option Scheme.

Save as disclosed above, as at 30 September 2023, 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 2023, 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	535,808,134 (Note 2)	36.85%
Ms. Jiang	Interest of spouse	553,599,800 (Note 2)	38.08%
	Interest of controlled corporation	226,124,966 (Note 3)	15.55%
	Beneficial owner	203,333 (Note 3)	0.01%
DL Family Office Global Limited	Interest of controlled corporation	226,124,966 (Note 3)	15.55%
Rapid Raise Investments Limited ("Rapid Raise")	Beneficial owner	226,124,966 (Note 3)	15.55%
Mr. Li Ren ("Mr. Li")	Beneficial owner	120,873,533 (Note 4)	8.31%

Notes:

1. Based on the total number of issued Shares as at 30 September 2023.
2. Please refer to note 2 to the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares, and Debentures" in this report for details. 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.



OTHER INFORMATION

3. Please refer to note 3 to the section headed “Directors’ and Chief Executives’ Interests and Short Positions in Shares, Underlying Shares, and Debentures” in this report for details.
4. These 120,873,533 Shares represented the Shares beneficially owned by Mr. Li.

Save as disclosed above, as at 30 September 2023, 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.

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.

Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Reporting Period, Mr. Chen Ningdi performed his duties as both the Chairman and Chief Executive Officer. However, the Board is of the view that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions efficiently, and thus is in the best interest of the Group. The Board has full confidence in Mr. Chen Ningdi and believes that his appointment to the posts of Chairman and Chief Executive Officer is beneficial to the business prospects of the Group.

Save as disclosed above, the Company was in compliance with all code provisions set out in the CG Code during the Reporting Period.

OTHER INFORMATION



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 as set out in Appendix 10 to 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 Reporting Period.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 September 2023 (six months ended 30 September 2022: nil).

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 Reporting Period, the Company did not grant any share options under the Share Option Scheme. As at 30 September 2023, the Company had 50,100,000 share options (31 March 2023: 56,100,000 share options) outstanding under the Share Option Scheme.

For further details of the Share Option Scheme, please refer to note 9 to the unaudited condensed consolidated financial statements contained in this report.

OTHER INFORMATION

Details of movements in the share options under the Share Option Scheme during the Reporting Period are as follows:

Category and name of grantee	Date of grant	Outstanding as at 1 April 2023	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 September 2023	Exercise price per Share	Closing price per Share prior to the grant of options	Weighted average closing price of Share before date of exercise of options	Exercise period
Directors											
Mr. Lang (Note 1)	24 March 2023	4,500,000	-	-	-	-	4,500,000	HK\$2.70	HK\$2.69	N/A	24 March 2024 to 23 March 2026
Mr. Liu Chun (Note 2)	17 August 2020	3,000,000	-	-	-	(3,000,000)	-	HK\$1.00	HK\$0.88	N/A	17 August 2020 to 16 August 2023
Employee(s) of the Group											
	17 August 2020	1,500,000	-	-	-	(1,500,000)	-	HK\$1.00	HK\$0.88	N/A	17 August 2020 to 16 August 2023
	19 November 2020	23,500,000	-	-	-	-	23,500,000	HK\$2.50	HK\$2.30	N/A	19 November 2020 to 18 November 2023
	24 March 2023	22,100,000	-	-	-	-	22,100,000	HK\$2.70	HK\$2.69	N/A	24 March 2024 to 23 March 2026
Other participant(s)											
	17 August 2020	1,500,000	-	-	-	(1,500,000)	-	HK\$1.00	HK\$0.88	N/A	17 August 2020 to 16 August 2023
Total		56,100,000	-	-	-	(6,000,000)	50,100,000				

Notes:

- Mr. Lang is an executive Director.
- Mr. Liu Chun is an independent non-executive Director.

Save as disclosed above, no share options were granted or exercised or cancelled or lapsed during the Reporting Period.

OTHER INFORMATION



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 supplier of goods or services to any member of the Group or any 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.

The awarded shares made pursuant to the Share Award Scheme shall be personal to the selected participant to whom it is made and shall not be assignable and no selected participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to the unvested awarded shares.

The Board may from time to time give instructions to the trustee to purchase Shares on the Stock Exchange, specifying the maximum amount of funds to be used and the range of prices at which such Shares are to be purchased. The Board shall not make any grant of awarded shares or give instructions to the trustee to acquire Shares when dealings in the Shares are prohibited under any code or securities dealing restrictions adopted by the Company or requirement of the Listing Rules; or where such grant or instruction would breach any applicable laws from time to time.

The Share Award Scheme does not specify a minimum vesting period. The Board may, at its discretion, determine the vesting conditions or periods for the share award to be vested. No payment by the selected participant is required for acceptance of the share award granted under the Share Award Scheme.

OTHER INFORMATION

The relevant awarded shares shall not vest in the relevant selected participants in the following circumstances: (i) where such person is an employee and has committed any act of fraud or dishonesty or serious misconduct; or (ii) where such person is not an employee and such person has breached any term of any contract entered into between such person and the Group; or (iii) where such person has been declared or adjudged to be bankrupt by a competent court; or (iv) where such person has been convicted of any criminal offence or any offence under SFO. In respect of a selected participant who died or retired by agreement on or before the vesting date, all the awarded shares of the relevant selected participant shall be deemed to be vested on the day immediately prior to his death or to his retirement.

Unless otherwise terminated, the Share Award Scheme should be valid and effective for a period of ten years commencing from its adoption on 8 September 2020.

Details of the rules of the Share Award Scheme are set out in the Company's announcements on 8 September 2020 and 15 September 2020.

For further details of the Share Award Scheme, please refer to note 9 to the unaudited condensed consolidated financial statements contained in this report.

Details of movements in the awarded shares under the Share Award Scheme during the Reporting Period are as follows:

Category	Date of grant	Vesting period	Number of awarded shares					As at 30 September 2023	Purchase price	Closing price per Share immediately before the date of grant during the period	Fair value of awards per Share at the date of grant during the period (Note 1)
			As at 1 April 2023	Granted during the period (Note 2)	Vested during the period	Cancelled during the period	Lapsed during the period				
Employee(s) of the Group	29 September 2023	29 September 2023 to 29 September 2024	-	354,484	-	-	-	354,484	-	HK\$3.50	HK\$3.50
Total			-	354,484	-	-	-	354,484			

Notes:

- The fair value of the awarded shares was calculated based on the market price of the Shares at the respective grant date. The Group has adopted the accounting standard in accordance with HKFRS 2 – Share-based Payment and for the details of accounting policy applied, please refer to note 9 to the unaudited condensed consolidated financial statements contained in this report.
- There are no performance targets attached to the awards granted during the Reporting Period.

OTHER INFORMATION



During the Reporting Period, the Company granted 354,484 shares to an employee of an associated company of the Company under the Share Award Scheme. As at 30 September 2023, the Company had 64,799,916 Shares held under the Share Award Scheme (31 March 2023: 65,154,400).

As at 30 September 2023 and up to the date of this report, the number of Shares available for future issue under all scheme mandates (including the Share Option Scheme and Share Award Scheme) is 116,057,616 (31 March 2023: 116,412,100), representing approximately 7.98% of the issued share capital of the Company as at the date of this report. The number of Shares that may be issued in respect of options and awards granted under all scheme mandates (including the Share Option Scheme and Share Award Scheme) during the Reporting Period divided by the weighted average number of Shares in issue for the Reporting Period is approximately 8.36%.

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

During the Reporting Period, the Company and its subsidiaries did not purchase, sell or redeem any of its Shares listed on the Stock Exchange.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Material Acquisitions or Disposals of subsidiaries, Associates and Joint Ventures", 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 Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the Reporting Period 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.

CHANGE IN INFORMATION OF DIRECTORS

There is no other information of the Directors that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



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 Reporting Period, 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 Reporting Period 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 Reporting Period, 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
Chen Ningdi

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 29 November 2023

As at the date of this report, the executive Directors are Mr. Chen Ningdi, Mr. Lang Joseph Shie Jay, Mr. Ai Kuiyu and Ms. He Zhiying; the non-executive Directors are Mr. Chan Kwan, Mr. Chan Kwun Wah Derek and Mr. Wang Yiding; and the independent non-executive Directors are Mr. Chang Eric Jackson, Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley), Mr. Liu Chun and Mr. Li Xiaoxiao.