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DL HOLDINGS GROUP LIMITED

德林控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1709)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021

The board (the “Board”) of Directors (the “Directors”) of DL Holdings Group Limited (the “Company”, together with its subsidiaries, the “Group”) is pleased to announce the unaudited interim results of the Group for the six months ended 30 September 2021 together with the comparative unaudited figures for the six months ended 30 September 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

		For the six months ended	
		30 September	
		2021	2020
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	5	156,583	168,790
Cost of sales/services	6	(67,664)	(115,624)
Gross profit		88,919	53,166
Other gains, net	7	10,370	56,489
Selling expenses	6	(2,605)	(2,463)
General and administrative expenses	6	(35,641)	(35,445)
Expected credit loss of receivables	6	(3,558)	(946)
Operating profit		57,485	70,801
Finance income		76	2
Finance costs	9	(2,809)	(103)
Finance costs, net		(2,733)	(101)

		For the six months ended	
		30 September	
		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Profit before income tax		54,752	70,700
Income tax expense	10	<u>(3,163)</u>	<u>(4,429)</u>
Profit for the period		<u>51,589</u>	<u>66,271</u>
Other comprehensive loss:			
Items that may be reclassified to profit or loss:			
Currency translation differences		<u>(31)</u>	<u>–</u>
Total comprehensive income for the period			
attributable to owners of the Company		<u>51,558</u>	<u>66,271</u>
Earnings per share attributable to owners of			
the Company			
– Basic (<i>HK cents</i>)	12	3.83	5.15
– Diluted (<i>HK cents</i>)	12	<u>3.80</u>	<u>5.15</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

		As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	4,095	2,308
Right-of-use assets	13	12,958	9,754
Intangible assets		12,248	12,248
Goodwill		7,921	7,658
Deferred tax assets		312	312
Deposits	14	982	1,716
Financial assets at fair value through profit or loss	16	202,578	190,570
		241,094	224,566
Current assets			
Trade and bills receivables, deposits and other receivables	14	262,549	211,309
Loan and interest receivables	15	206,378	92,701
Income tax recoverable		110	110
Cash and cash equivalents – trust		66,023	43,033
Cash and cash equivalents – general		74,167	56,222
		609,227	403,375
Current liabilities			
Trade, bills and other payables	18	153,079	78,936
Bank borrowing	19	80,000	–
Bonds payable	20	28,000	–
Promissory notes	21	30,829	22,376
Lease liabilities		6,945	5,665
Current tax liabilities		12,533	9,336
		311,386	116,313
Net current assets		297,841	287,062
Total assets less current liabilities		538,935	511,628

		As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		6,670	4,821
Provision for reinstatement cost	18	250	250
Bonds payable	20	50,000	6,000
		<u>56,920</u>	<u>11,071</u>
Net assets		<u>482,015</u>	<u>500,557</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	14,301	13,966
Other reserves		250,009	271,015
Retained earnings		217,705	215,576
Total equity		<u>482,015</u>	<u>500,557</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2021

1. GENERAL

DL Holdings Group Limited (the “Company”) was incorporated in the Cayman Islands on 11 May 2015 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company has established a place of business in 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; and investment management and advisory services to customers; (ii) provision of money lending services to customers; and (iii) sales of apparel products with the provision of supply chain management total solutions to customers. Asset management services was provided during the six months ended 30 September 2020. The Group ceased to provide asset management services after deconsolidation of the sole subsidiary in provision of such services during the year ended 31 March 2021. The directors consider the immediate holding company and the ultimate holding company of the Company is DA Wolf Investments I Limited (“DA Wolf”).

2. BASIS OF PREPARATION

The interim financial report for the six months ended 30 September 2021 (the “Interim Financial Report”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The Interim Financial Report has been prepared under the historical cost convention and is presented in Hong Kong Dollars (“HK\$”), and all values are rounded to the nearest thousand except when otherwise indicated. It was authorised for issue on 18 November 2021.

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 2021 (“2021 Annual Financial Statements”).

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

In preparing the Interim Financial Report, the significant judgements made by the Company’s management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2021 Annual Financial Statements, except as disclosed in notes 3 and 4.

3. ACCOUNTING POLICIES AND USE OF JUDGEMENTS AND ESTIMATES

3.1 Use of judgements and estimates

The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in 2021 Annual Financial Statements, except as described below:

Estimation of goodwill and intangible assets impairment

The Group tests annually whether goodwill and intangible assets has suffered any impairment in accordance with the accounting policy stated in note 2.17 in 2021 Annual Financial Statements. The recoverable amounts of cash-generating units (“CGUs”) have been determined based on value-in-use calculations. These calculations require the use of estimates about future cash flows and discount rates. In the process of estimating expected future cash flows management makes assumptions about future revenues and profits. These assumptions relate to future events and circumstances. The actual results may vary and may cause a material adjustment to the carrying amounts of goodwill and intangible assets within the next financial year. Determining the appropriate discount rate involves estimating the appropriate adjustment for market risk and for asset specific risk factors.

4. APPLICATION OF NEW OR AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning on or after 1 April 2021

The Interim Financial Report for the six months ended 30 September 2021 have been prepared in accordance with the accounting policies adopted in 2021 Annual Financial Statements, except for the adoption of the following amended HKFRSs effective as of 1 April 2021. The Group has not early adopted any other standards, interpretation or amendment that has been issued but is not yet effective.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021
Amendment to HKFRS 16	Covid-19 Related Rent Concessions

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

Issued but not yet effective HKFRSs

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

Amendments to HKAS 1 (Revised)	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 (Revised) and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRS 3 (Revised)	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HKFRS 17	Insurance Contracts and related amendments ²
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs Standards 2018–2020 ¹

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

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ Effective for business combinations/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

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

5. REVENUE AND SEGMENT INFORMATION

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

The Group has identified the following reportable and operating segments for the six months ended 30 September 2021:

- Financial services of licensed business – provide finance advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; and investment management and advisory services to the customers;
- Money lending services – provide equity pledge financing services and money lending services to the customers; and
- Sales of apparel products – sales of apparel products with the provision of supply chain management total solutions to customers.

Assets management services – provision of asset management services was identified as a reportable and operating segment for the six months ended 30 September 2020. There is no such segment during the six months ended 30 September 2021 as a result of deconsolidation of the sole subsidiary in provision of asset management services during the year ended 31 March 2021.

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

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

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation, bank interest income, finance costs (related to reportable and operating segments), expected credit loss ("ECL") of trade and other receivables, ECL of loan and interest receivables, fair value gains (related to reportable and operating segments) on financial asset at FVTPL (related to reportable and operating segments), losses on sales of financial assets at FVTPL and income tax expense attributable to those segments. Changes in fair value of financial assets at FVTPL (excluding financial assets at FVTPL in reportable and operating segments) and certain finance costs, depreciation of right-of-use assets (excluding depreciation of right-of-use assets in reportable and operating segments), unallocated corporate income and expenses are not included in the result for each operating segment.

Segment assets include all assets with the exception of unallocated financial assets at FVTPL, right-of-use assets and other corporate assets.

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

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

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Provision of financial services of licensed business (<i>note (a)</i>)	79,397	99,731
– Sales of apparel products	69,130	67,115
	148,527	166,846
Revenue from other source		
– Provision of money lending services	8,056	1,944
	156,583	168,790
	156,583	168,790
Disaggregated by timing of revenue recognition under HKFRS 15		
– Services provided over time	37,367	5,415
– Services provided at a point in time	42,030	94,316
– Goods transferred at a point in time	69,130	67,115
	148,527	166,846
Revenue from other source		
– Interest income from provision of money lending services	8,056	1,944
	156,583	168,790
	156,583	168,790

Note:

(a)	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue from provision of financial services of licensed business		
Services fee income from financial advisory services and investment management services	71,492	97,981
Commission and brokerage arising on securities dealing on the Stock Exchange	7,905	1,750
	<u>79,397</u>	<u>99,731</u>

The segment information provided to the CODM for the reportable segments for the six months ended 30 September 2021 is as follows:

	Financial services of licensed business HK\$'000 (unaudited)	Money lending services HK\$'000 (unaudited)	Sales of apparel products HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Revenue				
– From external customers	<u>79,397</u>	<u>8,056</u>	<u>69,130</u>	<u>156,583</u>
Reportable segment revenue	<u>79,397</u>	<u>8,056</u>	<u>69,130</u>	<u>156,583</u>
Reportable segment profit	44,871	4,608	311	49,790
Fair value gains on financial assets at FVTPL	15	–	–	15
Losses on sales of financial assets at FVTPL, net	(897)	–	–	(897)
Bank interest income	14	–	–	14
Depreciation of property, plant and equipment and right-of-use assets	(1,243)	(90)	(1,367)	(2,700)
ECL of				
– trade and other receivables	(410)	–	(456)	(866)
– loan and interest receivables	–	(2,692)	–	(2,692)
Finance costs	(327)	(174)	(62)	(563)
Income tax expense	<u>(1,959)</u>	<u>(1,204)</u>	<u>–</u>	<u>(3,163)</u>

	Financial services of licensed business HK\$'000	Money lending services HK\$'000	Sales of apparel products HK\$'000	Total HK\$'000
Reportable segment assets				
Balance at 30 September 2021 (unaudited)	352,597	207,198	78,429	638,224
Balance at 31 March 2021 (audited)	<u>283,217</u>	<u>95,084</u>	<u>55,444</u>	<u>433,745</u>
Reportable segment liabilities				
Balance at 30 September 2021 (unaudited)	203,037	32,540	42,431	278,008
Balance at 31 March 2021 (audited)	<u>74,134</u>	<u>859</u>	<u>19,757</u>	<u>94,750</u>

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

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

Reconciliations of reportable segment profit, assets and liabilities:

Profit	For the six months ended	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Reportable segment profit	49,790	88,236
– Gain on sales of financial assets at FVTPL	–	138
– Fair value gains/(losses) on financial assets at FVTPL	10,941	(5,644)
– Finance costs	(2,246)	–
– Depreciation of right-of-use assets	(1,205)	(887)
– Unallocated corporate income	62	91
– Unallocated corporate expenses	(2,590)	(11,234)
	<hr/>	<hr/>
Profit before income tax	54,752	70,700
	<hr/> <hr/>	<hr/> <hr/>
	As at	As at
	30 September	31 March
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Assets		
Reportable segment assets, after elimination of inter-segment balances	638,224	433,745
– Financial assets at FVTPL	201,251	190,310
– Right-of-use assets	7,479	1,972
– Other corporate assets	3,367	1,914
	<hr/>	<hr/>
Consolidated total assets	850,321	627,941
	<hr/> <hr/>	<hr/> <hr/>
	As at	As at
	30 September	31 March
	2021	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Liabilities		
Reportable segment liabilities, after elimination of inter-segment balances	278,008	94,750
Promissory note	656	22,376
Bonds payable	78,000	6,000
Lease liabilities	7,517	1,986
Other corporate liabilities	4,125	2,272
	<hr/>	<hr/>
Consolidated total liabilities	368,306	127,384
	<hr/> <hr/>	<hr/> <hr/>

6. EXPENSES BY NATURE

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Cost of goods sold	57,931	60,614
Cost of services	7,501	52,486
Sales commission	880	753
Incentive fee	309	87
Depreciation of property, plant and equipment	521	469
Depreciation of right-of-use assets	3,384	2,864
Short-term leases rentals in respect of		
– office	114	33
– car park	89	106
Auditors' remuneration	250	250
Employee benefit expenses (<i>note 8</i>)	18,445	21,444
Entertainment and travelling expenses	1,183	2,539
ECL on trade receivables	866	449
ECL on loan and interest receivables, net	2,692	497
Marketing expenses	2,402	1,177
Share options granted to external consultants	–	610
Consultancy fee	4,753	3,780
Other expenses	8,148	6,320
	<u>109,468</u>	<u>154,478</u>
Total cost of sales/services, selling expenses and general and administrative expenses and ECL of receivables		

7. OTHER GAINS, NET

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Losses on sales of financial assets at FVTPL	(897)	(164)
Fair value gains on financial assets at FVTPL	10,956	54,691
Dividend income from financial assets at FVTPL	9	297
Government grants (<i>note (a)</i>)	–	1,171
Exchange (loss)/gain, net	(20)	488
Others	322	6
	<u>10,370</u>	<u>56,489</u>

Note:

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

8. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, bonus and other short-term employee benefits	17,548	13,158
Share options granted to directors and employees	–	7,864
Share award granted to employees	389	–
Pension costs – defined contribution plans	508	422
	<u>18,445</u>	<u>21,444</u>

9. FINANCE COSTS

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest expenses on bank borrowing	303	19
Interest expenses on bonds	1,481	–
Interest on lease liabilities	170	84
Interest expenses on promissory notes	172	–
Imputed interest on promissory note	683	–
	<u>2,809</u>	<u>103</u>

10. INCOME TAX EXPENSE

	For the six months ended	
	30 September	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current income tax		
– Hong Kong	2,934	4,429
– The People's Republic of China ("PRC")	229	–
Total	<u>3,163</u>	<u>4,429</u>

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25% (six months ended 30 September 2020: 8.25%), and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (six months ended 30 September 2020: 16.5%).

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiary in the PRC is 25%.

The Group is not subject to taxation in the Cayman Islands or the British Virgin Islands.

11. DIVIDENDS

The final dividend in respect of the year ended 31 March 2021 of HK\$0.0358 per share, amounting to approximately HK\$49,460,000 was paid out during the period.

After the end of the reporting period, an interim dividend for the six months ended 30 September 2021 of HK\$0.0104 per ordinary share, amounting to approximately HK\$14,873,000, is declared by the Board at the board meeting of the Company. The 2021 interim dividend proposed after the end of the reporting period has not been recognised as a liability as at the end of the reporting period.

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

12. EARNINGS PER SHARE

12.1 Basic

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

	For the six months ended 30 September	
	2021 (unaudited)	2020 (unaudited)
Profit attributable to owners of the Company (<i>HK\$'000</i>)	51,589	66,271
Weighted average number of ordinary shares in issue (<i>'000</i>)	1,348,682	1,287,784
Basic earnings per share (<i>HK cents per share</i>)	<u>3.83</u>	<u>5.15</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted taking into account the shares repurchased for the six months ended 30 September 2021 and 2020.

12.2 Diluted

	For the six months ended 30 September	
	2021 (unaudited)	2020 (unaudited)
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>51,589</u>	<u>66,271</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>'000</i>)	1,348,682	1,287,784
Effect of dilutive potential ordinary shares – share options (<i>'000</i>)	<u>7,276</u>	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (<i>'000</i>)	<u>1,355,958</u>	<u>1,287,784</u>
Diluted earnings per share (<i>HK cents per share</i>)	<u>3.80</u>	<u>5.15</u>

The weighted average number of ordinary shares for the purpose of calculating diluted earnings per share has been adjusted taking into account the shares repurchased for the six months ended 30 September 2021.

Diluted earnings per share for the six months ended 30 September 2020 equals to basic earnings per share as the impact of share options outstanding has an anti-dilutive effect on the basic earnings per share amounts presented.

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

During the six months ended 30 September 2021, the Group purchased property, plant and equipment of approximately HK\$2,270,000 (six months ended 30 September 2020: HK\$710,000).

During the six months ended 30 September 2021, addition to right-of-use assets includes approximately HK\$6,713,000 due to lease modification (six months ended 30 September 2020: HK\$7,024,000).

14. TRADE AND BILLS RECEIVABLES, DEPOSITS AND OTHER RECEIVABLES

	As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
Gross trade receivables (excluding receivables from investment management services, margin services and corporate finance advisory services)	50,062	27,854
Gross trade receivables – investment management services	26,084	130,489
Gross trade receivables – margin services (<i>note (a)</i>)	149,441	33,399
Gross trade receivables – corporate finance advisory services	23,074	11,336
Less: ECL allowance	<u>(1,622)</u>	<u>(756)</u>
Trade and bills receivables, net of provision	247,039	202,322
Payment in advance to suppliers	1,030	2,232
Rental deposits	1,417	1,716
Prepayments	2,376	1,496
Amount due from a related party	–	1,365
Other receivables and deposits	<u>11,669</u>	<u>3,894</u>
Total trade and bills receivables, deposits and other receivables	263,531	213,025
Less: Non-current portion		
Long-term portion of rental deposits	<u>(982)</u>	<u>(1,716)</u>
	<u>262,549</u>	<u>211,309</u>

Note:

- (a) Trade receivables from margin services are secured by the clients' pledged securities with undiscounted market value of approximately HK\$1,666,075,000 as at 30 September 2021 (31 March 2021 (audited): HK\$176,678,000), which can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. Trade receivables from margin services are repayable on demand and bear interest at commercial rates. The Group repledged approximately HK\$229,600,000 of the collateral from margin clients to secure the Group's loan facility during 30 September 2021 (31 March 2021 (audited): Nil).

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

The settlement terms of trade receivables, except for secured margin clients, arising from the business of dealing in securities are two days after trade date. In addition, the settlement terms of Hong Kong Securities Clearing Company Limited are two days after trade date. For the remaining trade receivables, the Group allows an average credit period of 90 days (six months ended 30 September 2020: 90 days) to its trade customers of other business.

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

At 30 September 2021 and 31 March 2021, the ageing analysis of trade and bills receivables (except margin receivables), net of ECL allowance, based on invoice date is as follows:

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
1 to 30 days	87,777	147,833
31 to 60 days	1,506	10,687
61 to 90 days	208	1,474
Over 90 days	8,107	8,929
	97,598	168,923

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. For margin receivables, the Group applies the general approach in calculating ECL and recognises a ECL allowance based on lifetime ECL at each reporting date. Margin receivables have been grouped based on the shortfall of loan balances over the respective collateral amounts.

The other classes within trade, bills 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 security on its trade and bills receivables.

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

	For the six months ended 30 September	
	2021	2020
	HK\$'000	HK\$'000
Balance at 1 April (audited)	756	–
ECL allowance, net recognised during the period	866	449
Balance at 30 September (unaudited)	1,622	449

15. LOAN AND INTEREST RECEIVABLES

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

As at 30 September 2021 and 31 March 2021, all loan and interest receivables are not past due. All loan and interest receivables mature within one year and are denominated in HK\$, Renminbi, Canadian Dollar and United States Dollar.

	As at 30 September 2021 <i>HK\$'000</i> (unaudited)	As at 31 March 2021 <i>HK\$'000</i> (audited)
Loan receivables	205,271	92,781
Interest receivables	5,737	1,858
	211,008	94,639
Less: Provision for ECL on loan and interest receivables – Stage 1	(4,630)	(1,938)
Loan and interest receivables, net of provision	206,378	92,701

Loan receivables are unsecured, effective interest bearing from 8%–12% per annum (31 March 2021 (audited): 8%–20%) and repayable in fixed term agreed with customers. Interest receivables are unsecured, interest bearing from 0%–36% per annum (31 March 2021 (audited): 0%–36%) for default interest and repayable in fixed term agreed with customers. The maximum exposure to credit risk at each of the reporting date is the carrying value of the loan and interest receivables mentioned above.

	Loan receivables <i>HK\$'000</i>	Interest receivables <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2021 (audited)	90,885	1,816	92,701
New loan originated	205,497	13,630	219,127
Amounts recovered or repaid during the period	(93,058)	(9,700)	(102,758)
Reversal of ECL allowance on loan and interest receivables	1,008	20	1,028
ECL allowance under 12 month ECL (Stage 1) recognised during the period	(3,624)	(96)	(3,720)
Balance at 30 September 2021 (unaudited)	200,708	5,670	206,378
Balance at 1 April 2020 (audited)	31,740	604	32,344
New loan originated	88,081	4,539	92,620
Amounts recovered or repaid during the year	(27,200)	(3,288)	(30,488)
Reversal of ECL allowance on loan and interest receivables	160	3	163
ECL allowance under 12-month ECL (Stage 1) recognised during the year	(1,896)	(42)	(1,938)
Balance at 31 March 2021 (audited)	90,885	1,816	92,701

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

	For the six months ended	
	30 September	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Balance at 1 April (audited)	1,938	163
ECL allowance, net recognised during the period	<u>2,692</u>	<u>497</u>
Balance at 30 September (unaudited)	<u>4,630</u>	<u>660</u>

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

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

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Notes</i>	As at	As at
		30 September	31 March
		2021	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Non-current portion			
<i>Listed securities:</i>			
Equity securities – Hong Kong		275	260
<i>Non-listed securities:</i>			
Investment funds	(i)	130,728	119,106
Equity investment – outside Hong Kong	(ii)	<u>71,575</u>	<u>71,204</u>
		<u>202,578</u>	<u>190,570</u>

Notes:

- (i) The fair value of the unlisted investment funds is based on the net asset value of the two investment funds reported to the limited partners by the general partner at the end of the reporting period. The fair value change is recorded in the other gains, net in the condensed consolidated statement of profit or loss and other comprehensive income.
- (ii) It represents investment in an unlisted company related to the acquisition of 27.06% of the interest in the Carmel Reserve LLC as the non-voting class B membership interest.

17. SHARE CAPITAL

2021	Number of ordinary shares	Nominal value of ordinary shares HK\$
Authorised share capital of HK\$0.01 each		
As at 31 March 2021 and 30 September 2021	10,000,000,000	100,000,000
Issued and fully paid		
For the six months ended 30 September 2021		
As at 31 March 2021 and 1 April 2021 (audited)	1,396,621,000	13,966,210
Issuance of ordinary shares under Share Option Scheme (<i>note (a)</i>)	33,500,000	335,000
As at 30 September 2021 (unaudited)	1,430,121,000	14,301,210
2020	Number of ordinary shares	Nominal value of ordinary shares HK\$
Authorised share capital of HK\$0.01 each		
As at 31 March 2020 and 30 September 2020	10,000,000,000	100,000,000
Issued and fully paid		
For the six months ended 30 September 2020		
As at 31 March 2020 and 1 April 2020 (audited)	1,214,145,000	12,141,450
Issuance of ordinary shares under Share Option Scheme (<i>note (b)</i>)	73,476,000	734,760
Subscription of shares (<i>note (c)</i>)	75,500,000	755,000
As at 30 September 2020 (unaudited)	1,363,121,000	13,631,210

Notes:

- (a) On 8 July 2021, 3,000,000 shares were issued at subscription price at HK\$1 to respective option holders to their exercise of the option under the Share Option Scheme of the Company.

On 30 July 2021, 30,500,000 shares were issued at subscription price from HK\$1 to HK\$2.5 to respective option holders to their exercise of the option under the Share Option Scheme of the Company.

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

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

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

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

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Trade and bills payables (excluding payables from securities dealing business)	37,038	9,964
Trade payables from securities dealing business (<i>note (a)</i>)		
– Payables to margin clients	13,702	26,020
– Payables to cash clients	52,673	8,633
Contract liabilities (<i>note (b)</i>)	12,002	14,542
Provision for reinstatement cost	250	250
Accrued employee benefits expenses	363	357
Amount due to clearing house	22,045	5,310
Amounts due to related parties (<i>note (c)</i>)	4,643	7,466
Interest payable	1,835	–
Other payables	8,778	6,644
	<u>153,329</u>	<u>79,186</u>
Less: Non-current portion		
Provision for reinstatement cost	<u>(250)</u>	<u>(250)</u>
	<u><u>153,079</u></u>	<u><u>78,936</u></u>

Notes:

- (a) 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.

- (b) Contract liabilities include amounts due to related parties amounting to HK\$6,815,000, being management fee income received in advance.
- (c) Amounts due to related parties include amount due to DL Family Office (HK) Limited and limited partnership funds.

As at 30 September 2021 and 31 March 2021, the amounts due to related parties are unsecured, interest-free and repayable on demand.

The carrying amounts of trade, bills and other payables approximate their fair values. The Group was granted by its suppliers credit periods ranging from 30–90 days (six months ended 30 September 2020: 30–60 days). Based on the invoice dates, the ageing analysis of the trade and bills payables (excluding payables from securities dealing business) were as follows:

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
1 to 30 days	24,032	5,613
31 to 60 days	2,476	110
61 to 90 days	10,246	837
Over 90 days	284	3,404
	<hr/>	<hr/>
Total trade and bills payables (excluding payables from securities dealing business)	37,038	9,964
	<hr/> <hr/>	<hr/> <hr/>

19. BANK BORROWING

As at 30 September 2021, the bank borrowing was repayable within 1 year with a floating interest rate of 2.3% over the Hong Kong interbank offered rate per annum. Effective interest rate was 2.44% during the six months ended 30 September 2021. The exposure of the bank borrowing to interest rate changes and the contractual repricing dates at the end of the period was 6 months or less.

The Group repledged approximately HK\$229,600,000 of the collateral from margin clients to secure the Group's loan facility related to bank borrowing during 30 September 2021 (31 March 2021 (audited): Nil).

The bank borrowing was secured by corporate guarantee given by the Company.

20. BONDS PAYABLE

	As at 30 September 2021 HK\$'000 (unaudited)	As at 31 March 2021 HK\$'000 (audited)
Bonds carried at fixed coupon rate of 5% per annum (<i>note (a)</i>)	6,000	6,000
Bonds carried at fixed coupon rate of 8% per annum (<i>note (b)</i>)	52,000	–
Bonds carried at fixed coupon rate of 6% per annum (<i>note (c)</i>)	20,000	–
	<hr/>	<hr/>
	78,000	6,000
Less: Non current portion	(50,000)	(6,000)
	<hr/>	<hr/>
	28,000	–
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) The Company has 5% coupon unlisted bonds in issue for the period ended 30 September 2021 with the aggregate principal amount of HK\$6,000,000. The amounts are repayable within 84 months from the date of issue.
- (b) The Company issued 8% coupon unlisted bonds for the period ended 30 September 2021 with the aggregate principal amount of HK\$52,000,000, of which HK\$44,000,000 are repayable within 24 months from the date of issue and HK\$8,000,000 are repayable within 12 months from the date of issue.
- (c) The Company issued 6% coupon unlisted bonds for the period ended 30 September 2021 with the aggregate principal amount of HK\$20,000,000. The amounts are repayable within 12 months from the date of issue.

21. PROMISSORY NOTES

As at 30 September 2021, (i) one promissory note was not interest bearing and repayable within one year; (ii) two promissory notes were repayable within 1 year with interest per annum at 3%; (iii) one promissory note was repayable within 1 month with interest per month at 1.5%.

As at 31 March 2021, the promissory note was not interest bearing and repayable within one year.

22. CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2021 and 31 March 2021.

23. COMPARATIVE FIGURES

Certain comparative figures in these condensed consolidated financial statements were reclassified to conform the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 September 2021 (the “Reporting Period”), despite the uncertainties cast on the global economic prospect by the outbreak of COVID-19, 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; and investment management and advisory services, money lending services (the “Financial Services Businesses”) rapidly. During the Reporting Period, the Group recorded a decrease in revenue by approximately 7.2% to approximately HK\$156.6 million (2020: HK\$168.8 million). Gross profit increased dramatically by approximately 67.2% to approximately HK\$88.9 million (2020: HK\$53.2 million), and the Group recorded a total comprehensive income attributable to the owners of the Company of approximately HK\$51.6 million for the Reporting Period, representing a decrease of 22.2% from approximately HK\$66.3 million from the six months ended 30 September 2020.

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; and investment management and advisory services.

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, of which approximately 46% 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 2021, the Group has 297 securities brokerage clients. During the Reporting Period, the transaction amount for the securities trading and brokerage services amounted to approximately HK\$7,830 million. As at 30 September 2021, the total customer asset size for brokerage services amounted to approximately HK\$1,887 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 2021, the loan receivables from margin financing services amounted to approximately HK\$149.4 million.

The referral services includes (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 include managing the investment portfolio and asset allocation of offshore funds. Following the acquisition of a licensed entity in the Cayman Islands (the “Cayman Investment Manager”) and a licensed entity in Singapore (the “Singapore Investment Manager”), the Group commenced the provision of investment management services in Cayman Islands and Singapore, and the management fees charged by the Cayman Investment Manager and the Singapore Investment Manager contributed to the revenue of the Group during the Reporting Period. The investment advisory services include providing securities advisory services to clients. As at 30 September 2021, the assets under investment management and assets subject to investment advisory services of the Group were approximately HK\$4,841 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\$23.3 million.

For the Reporting Period, the segment revenue for provision of financial services of licensed business was approximately HK\$79.4 million (2020: HK\$99.7 million) representing a decrease of approximately 20.4% and segment profit for the Reporting Period was approximately HK\$44.9 million (2020: HK\$30.4 million).

The decrease in segment revenue was mainly attributable to the decrease in revenue from financial advisory services in relation to placing of securities while the increase in segment profit was due to decrease in cost of services in relation to the licensed business of the Group, mainly the sub-placing commission in placing of securities.

Provision of money lending services

The Group’s money lending business mainly targets customers who wish to obtain trade financing. During the Reporting Period, the segment revenue for provision of money lending services was approximately HK\$8.1 million (2020: HK\$1.9 million) which represents an increase of approximately 314.4% and segment profit for the Reporting Period was approximately HK\$4.6 million (2020: HK\$1.3 million). The increase in segment revenue was attributable to an increase in loan advanced to customers from money lending services to approximately HK\$205.3 million as at 30 September 2021 (31 March 2021: HK\$92.8 million), resulting in an increase in interest received or accrued.

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 explored 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 centres of clients or from factory directly to final customers of clients.

Given the global business environment of the Apparel Business remained challenging due to the COVID-19 outbreaks, global economic uncertainty and international trade conflict, particularly the US-China trade conflicts, the Group saw a decrease in the sales order from its customers in Europe, Asia Pacific and Middle East regions for the Reporting Period, whereas the sales orders from its customers in the America region recorded an increase as (i) the US market rebounded as COVID-19 pandemic was more under control; and (ii) new orders from customers with e-commerce focus and Direct to Consumer (D to C) model brands has partially off-set the impact of the decrease in demand of apparel products from traditional brick-to-motor clients in that region.

During the Reporting Period, the segment revenue for the Apparel Business increased to approximately HK\$69.1 million from approximately HK\$67.1 million for the six months ended 30 September 2020, representing an increase of approximately 3.0% and the segment profit for the Reporting Period was approximately HK\$0.3 million. The Apparel Business continues to suffer from challenges in the global business environment and fierce competition under COVID-19 outbreaks and international trade conflicts.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group reported revenue of approximately HK\$156.6 million, representing a decrease of approximately 7.2% from approximately HK\$168.8 million for the six months ended 30 September 2020. The decrease was mainly attributable to the decrease in revenue contributed by the Financial Services Businesses which is partly offset by the increase in the revenue generated from the provision of money lending services.

During the Reporting Period, the provision of financial services of licensed business, money lending business and the Apparel Business contributed segment revenue of approximately HK\$79.4 million, HK\$8.1 million and HK\$69.1 million respectively, and the provision of financial services of licensed business has been the major revenue contributor during the Reporting Period.

During the Reporting Period, the segment revenue of the provision of financial services of licensed business decreased to approximately HK\$79.4 million from approximately HK\$99.7 million for the six months ended 30 September 2020, which represents a decrease of approximately 20.4% which was mainly attributable to decrease in revenue of financial advisory services in relation to placing of securities.

During the Reporting Period, the segment revenue of the money lending services increased to approximately HK\$8.1 million from approximately HK\$1.9 million for the six months ended 30 September 2020, which represents an increase of approximately 314.4%. It was mainly attributable to the increase in loan advanced to customers from money lending business.

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, and the costs of services from the Financial Services Businesses mainly consist of sub-referral fee to business vendors and expenses for placement projects. The cost of sales/services decreased to approximately HK\$67.7 million for the Reporting Period from approximately HK\$115.6 million for the six months ended 30 September 2020, representing a decrease of approximately 41.5%. Such decrease was primarily attributable to the decrease in cost of services for the Financial Services Businesses from HK\$52.3 million for the six months ended 30 September 2020 to HK\$7.5 million for the Reporting Period mainly attributable to the decrease in the sub-placing commission in placing of securities.

Gross profit and gross profit margins

The gross profit of the Group was approximately HK\$88.9 million for the Reporting Period as compared with approximately HK\$53.2 million for the six months ended 30 September 2020, which represents an increase of 67.2% mainly attributable to the contribution of gross profit of approximately HK\$78.6 million from the Financial Services Businesses as (i) the significant decrease in cost of services for our financial advisory services resulted in higher gross profit of financial services of licensed business; (ii) robust growth in revenue of money lending business from approximately HK\$1.9 million for the six months ended 30 September 2020 to approximately HK\$8.1 million for the Reporting Period.

Other gains, net

During the Reporting Period, the Group recorded net other gains of approximately HK\$10.4 million as compared with approximately HK\$56.5 million for the six months ended 30 September 2020. The decrease was mainly attributable to the decrease in fair value gains on financial assets at fair value through profit or loss (“FVTPL”) from approximately HK\$54.7 million to approximately HK\$11.0 million.

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. Selling expenses increased to approximately HK\$2.6 million for the Reporting Period from approximately HK\$2.5 million for the six months ended 30 September 2020, representing an increase of approximately 5.8% mainly attributable to increase in sales commission incurred.

General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses, entertainment and travelling expenses, depreciation of property, plant and equipment, legal and professional fees and other miscellaneous general and administrative expenses. General and administrative expenses increased to approximately HK\$35.6 million for the Reporting Period from approximately HK\$35.4 million for the six months ended 30 September 2020, representing an increase of approximately 0.6%.

Finance costs

The overall finance cost increased from approximately HK\$0.1 million for the six months ended 30 September 2020 to approximately HK\$2.8 million for the Reporting Period which was mainly attributable to the interest expenses on bonds and promissory notes incurred by the Group. As at 30 September 2021, the Group had (i) bank borrowing of approximately HK\$80.0 million with at a floating interest rate of 2.3% per annum over the Hong Kong interbank offered rate; (ii) bonds payable of approximately HK\$28.0 million; and (iii) promissory notes of approximately HK\$30.8 million.

Profit and total comprehensive income attributable to owners of the Company

Total comprehensive income attributable to owners of the Company was approximately HK\$51.6 million for the Reporting Period while the total comprehensive income attributable to owners of the Company was approximately HK\$66.3 million for the six months ended 30 September 2020 representing a decrease of approximately 22.2%. The decrease was attributable to (i) decrease in the fair value gains on financial assets at FVTPL of approximately HK\$43.7 million; (ii) increase in finance costs of approximately HK\$2.7 million, and partly offset by the increase in gross profit of approximately HK\$35.8 million.

LIQUIDITY AND FINANCIAL RESOURCES

During the Reporting Period, the Group mainly financed its operations with its own working capital, bank borrowing and proceeds from issuance of corporate bonds and promissory notes. As at 30 September 2021 and 31 March 2021, the Group had net current assets of approximately HK\$297.8 million and HK\$287.1 million respectively, including total cash and cash equivalents (both trust and general) of approximately HK\$140.2 million and HK\$99.3 million respectively. The Group's current ratio decreased from approximately 3.5 as at 31 March 2021 to approximately 2.0 as at 30 September 2021. Such decrease was mainly attributable to the increase in current liabilities particularly in the bank borrowing and bond payables as at 30 September 2021.

As at 30 September 2021, the Group has bank borrowing of approximately HK\$80.0 million at a floating interest rate of 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 corporate guarantee given by the Company.

During the year ended 31 March 2021, the Company completed the issuance of the interest-free promissory note in the aggregate principal amount of US\$3.5 million (equivalent to approximately HK\$27.3 million) to the target company, Carmel Reserve LLC, to satisfy part of the consideration pursuant to the Subscription Agreement (as defined in the paragraph headed "Significant Investments" in this announcement). The promissory note is denominated in US Dollars and is repayable in December 2021 and was partially repaid after issuance, therefore, as at 30 September 2021, the unpaid balance of promissory note issued to Carmel Reserve LLC amounted to approximately HK\$1.17 million.

In addition to the promissory notes issued to Carmel Reserve LLC during the Reporting Period, the Group issued another three promissory notes to independent third party subscribers. As at 30 September 2021, the aggregate principal amount of promissory notes issued by the Group amounted to approximately HK\$30.0 million, with interest rates ranging from 3% to 18% per annum, which are denominated in Hong Kong Dollars and shall be repayable within one year.

As at 30 September 2021, the Group issued unlisted coupon bonds to independent third party subscribers with an aggregate principal amount of HK\$78.0 million. The unlisted bonds are denominated in Hong Kong Dollars and unsecured and not guaranteed.

The coupon rate and maturity date of the unlisted coupon bonds issued by the Group as at 30 September 2021 are set out as follows:

Principal amount of the unlisted bonds	Maturity date	Coupon rate
(1) HK\$6 million	Within 84 months from the date of issue	5%
(2) HK\$44 million	Within 24 months from the date of issue	8%
(3) HK\$8 million	Within 12 months from the date of issue	8%
(4) HK\$20 million	Within 12 months from the date of issue	6%

As at 30 September 2021, the cash and cash equivalents of the Group were mainly held in Hong Kong Dollars, Renminbi, United States Dollars and Singapore Dollars.

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

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 increased from approximately 7.8% as at 31 March 2021 to approximately 42.0% as at 30 September 2021 which was mainly attributable to an increase in total debts during the Reporting Period.

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 did not have any material commitments as at 30 September 2021 (31 March 2021: nil).

CAPITAL STRUCTURE

As at 30 September 2021, the capital structure of the Group consists of (i) net cash and cash equivalents; (ii) equity attributable to owners of the Group, comprising issued capital and other reserves; and (iii) other borrowing comprising corporate bonds, bank borrowing and promissory notes.

SIGNIFICANT INVESTMENTS

- (i) In May 2020, DJT Partners Limited, the Group's wholly owned subsidiary, has subscribed for and holds all the management shares of a Cayman private fund (the "Cayman Fund").

As at 30 September 2021, the Cayman Fund had one segregated portfolio (the "Segregated Portfolio") with expected fund size of HK\$120 million and the Company had subscribed for participating shares of the Segregated Portfolio with investment costs of HK\$100 million. As at 30 September 2021, the Company holds 89.2% of the participating shares of the Segregated Portfolio.

The investment objective of the Segregated Portfolio is to generate returns for its participating shareholders by investing in publicly-listed stocks of the companies listed on the Stock Exchange, and/or publicly-listed stocks of the companies listed on Shanghai Stock Exchange through Shanghai Connect and/or publicly-listed stocks of the companies listed on Shenzhen Stock Exchange through Shenzhen Connect (the "Portfolio Companies"). Particularly, the investment strategy of the Segregated Portfolio would be to hold minority interests in the Portfolio Companies. In selecting the Portfolio Companies, the Segregated Portfolio shall invest in companies which are either (i) constituents of the Hang Seng Composite Index; (ii) companies with market capitalisation of HK\$3.5 billion or above; or (iii) companies with daily share turnover rate not lower than 0.05%.

As at 30 September 2021, the fair value of the investment in the Cayman Fund amounted to approximately HK\$129.7 million, which represents approximately 15.25% of the total assets of the Group as at 30 September 2021. No dividend income was received from the investment in the Cayman Fund during the Reporting Period. During the Reporting Period, there is a fair value gain of approximately HK\$10.6 million arising from this investment.

The investment strategy of the Group in the Cayman Fund would be enhancing investment returns for the Group by realising the capital gains at the end of the term of the Segregated Portfolio.

- (ii) 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 chairman of the Board (the "Chairman") and executive Director and Mr. Chen Ningdi ("Mr. Chen"), 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 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 2021, the fair value of the investment in the Target Company amounted to approximately HK\$71.6 million, which represents approximately 8.4% of the total assets of the Group as at 30 September 2021. 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\$0.4 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 2021, the Group has 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.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

On 23 September 2021, the Company entered into a non-legally binding memorandum of understanding with DL Global Holdings Limited (德林控股有限公司), a company incorporated in the British Virgin Islands with limited liability, which is partly owned by two executive Directors and hence a connected person of the Company, as the vendor (the “Vendor”), and DL Family Office (HK) Limited (德林家族辦公室(香港)有限公司), a company incorporated in Hong Kong with limited liability, as the target company (the “Possible

Target Company”) in relation to a possible acquisition (the “Possible Acquisition”) of certain percentage of the issued share capital of the Possible Target Company.

The Possible Target Company is principally engaged in the provision of investment advisory, asset management and insurance services, and is registered as a licenced corporation with the Securities and Futures Commission of Hong Kong and licensed to conduct the regulated activities of advising on securities (Type 4) and asset management (Type 9) under the Hong Kong Securities and Futures Ordinance. The Directors consider that the Possible Acquisition, if materialises, represents a good opportunity for the Group to broaden its source of income and to maximise the return of the shareholders of the Company (the “Shareholders”).

Subject to the satisfaction of due diligence result on the Possible Target Company, the Group will consider further negotiation with the Vendor on the Possible Acquisition. As at 30 September 2021, the Group is still conducting due diligence on the Possible Target Company and its subsidiaries. The Company may consider to fund the Possible Acquisition, if materialises, by internal resources of the Group.

Save as disclosed above, there was no further specific plan for material investments or capital assets as at 30 September 2021. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Rules Governing the Listing of Securities (the “Listing Rules”) of the Stock Exchange as and when appropriate.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 30 September 2021 (31 March 2021: 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 and 31 March 2021, 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.

CHARGES ON GROUP ASSETS

As at 30 September 2021, the Group did not pledge any of its assets (31 March 2021: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2021 and 2020, the Group employed a total of 64 and 71 full-time employees respectively. The Group's employee benefit expenses mainly included salaries, wages, other staff benefits and contributions to retirement schemes. For the Reporting Period and the six months ended 30 September 2020, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$18.4 million and HK\$21.4 million respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to basic salary, year-end bonuses, share options and/or share awards would be discretionarily offered to employees in accordance with their performance. The Group also provides on-the-job training to employees.

FUTURE PROSPECTS

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

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

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

CORPORATE GOVERNANCE PRACTICES

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

During the Reporting Period, the Company has complied with all the code provisions as set out in the CG Code.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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

INTERIM DIVIDEND

The Board declared the payment of an interim dividend of HK\$0.0104 per share of the Company (the "Shares") for the Reporting Period to the Shareholders whose names appear on the Company's register of members on 10 December 2021. The interim dividend is expected to be paid on 30 December 2021.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of the Shareholders to receive the interim dividend, the register of members of the Company will be closed from 7 December 2021 to 10 December 2021, both days inclusive, during which period no transfer of Shares will be registered. All transfer documents, accompanied by the relevant share certificates, shall be lodged with the Company's share registrars in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on 6 December 2021 for registration.

SHARE OPTION SCHEME

A share option scheme was adopted and approved by the then Shareholders on 22 September 2015 (the “Share Option Scheme”). The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants as incentive or reward for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the Group. The eligible participants of the Share Option Scheme include the employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group.

During the Reporting Period, the Company did not grant any share options under the Share Option Scheme. As at 30 September 2021, the Company had 29,500,000 share options (31 March 2021: 63,000,000 share options) outstanding under the Share Option Scheme.

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 2021 (Note 2)	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Outstanding as at 30 September 2021 (Note 2)	Exercise price per Share	Share price prior to the grant of share options	Weighted average closing price of Share of exercise of options	Exercise period
Directors											
Mr. Liu (Note 1)	17 August 2020	3,000,000	-	-	-	-	3,000,000	HK\$1.00	HK\$0.880	N/A	17 August 2020 to 16 August 2023
Employee(s) of the Group	17 August 2020	5,500,000	-	(4,000,000)	-	-	1,500,000	HK\$1.00	HK\$0.880	3.18	17 August 2020 to 16 August 2023
	19 November 2020	53,000,000	-	(29,500,000)	-	-	23,500,000	HK\$2.50	HK\$2.30	2.53	19 November 2020 to 18 November 2023
Other participant(s) (Note 3)	17 August 2020	1,500,000	-	-	-	-	1,500,000	HK\$1.00	HK\$0.880	N/A	17 August 2020 to 16 August 2023
Total		63,000,000	-	(33,500,000)	-	-	29,500,000				

Notes:

1. Mr. Liu is an independent non-executive Director.
2. All granted options shall vest immediately upon date of grant.
3. Such options were grant to a consultant, who has over 20 years' working experience in banking and financial services industry in the PRC and extended knowledge of cross-border investments. Granting the options to her provided incentive for her commitment to develop the Group's financial services business and align her interest with the Company and its Shareholders.

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

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.

During the Reporting Period, the Company granted 102,000 shares to employees of the Group, under the Share Award Scheme. As at 30 September 2021, the Company had 50,573,000 share held under the Share Award Scheme (31 March 2021: 12,260,000). During the Reporting Period, the Company (through the trustee of the Share Award Scheme, being a wholly-owned subsidiary of the Company), purchased on the Stock Exchange 38,415,000 Shares at an aggregate consideration of approximately HK\$98.9 million.

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

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

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
Jiang Xinrong
Chairman and Executive Director

Hong Kong, 18 November 2021

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