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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 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 audited consolidated results of the Group for the year ended 31 March 2021 together with the comparative audited figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	4	426,551	226,391
Cost of sales/services	6	(181,078)	(195,804)
Gross profit		245,473	30,587
Other gains/(losses), net	5	82,997	(39,432)
Selling expenses	6	(5,356)	(6,481)
General and administrative expenses	6	(100,729)	(36,129)
Expected credit loss of receivables	6	(2,531)	(163)
Operating profit/(loss)		219,854	(51,618)
Finance income		10	5
Finance costs		(2,072)	(248)
Finance costs, net		(2,062)	(243)
Profit/(loss) before income tax		217,792	(51,861)
Income tax (expense)/credit	8	(16,994)	452
Profit/(loss) for the year		200,798	(51,409)
Total comprehensive income/(loss) attributable to the owners of the Company for the year		200,798	(51,409)
Earnings/(loss) per share attributable to owners of the Company			
— Basic (HK cents)	10	15.06	(4.57)
— Diluted (HK cents)	10	15.00	(4.57)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>11</i>	2,308	2,424
Right-of-use assets		9,754	4,664
Intangible assets		12,248	12,248
Goodwill	<i>17</i>	7,658	373
Deferred tax assets		312	832
Deposits	<i>12</i>	1,716	1,955
Financial assets at fair value through profit or loss		190,570	7,243
		<u>224,566</u>	<u>29,739</u>
Current assets			
Trade, bills and other receivables, prepayments and deposits	<i>12</i>	211,309	79,505
Loan and interest receivables	<i>13</i>	92,701	32,344
Income tax recoverable		110	4,075
Bank balance — trust		43,033	14,706
Cash and cash equivalents		56,222	50,745
		<u>403,375</u>	<u>181,375</u>
Current liabilities			
Trade, bills and other payables	<i>15</i>	78,936	34,606
Promissory note		22,376	–
Bank borrowings	<i>16</i>	–	6,362
Lease liabilities		5,665	4,594
Income tax payable		9,336	–
		<u>116,313</u>	<u>45,562</u>
Net current assets		<u>287,062</u>	<u>135,813</u>
Total assets less current liabilities		<u>511,628</u>	<u>165,552</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 March 2021*

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		4,821	288
Provision for reinstatement cost	<i>15</i>	250	250
Bonds payable		6,000	–
		<u>11,071</u>	<u>538</u>
Net assets		<u>500,557</u>	<u>165,014</u>
Equity			
Share capital	<i>14</i>	13,966	12,142
Other reserves		271,015	128,597
Retained earnings		215,576	24,275
		<u>500,557</u>	<u>165,014</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Attributable to owners of the Company						
	Share capital	Share premium	Share options reserve	Share held for share award scheme	Capital reserve	Retained earnings	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2019, as adjusted	11,238	68,615	15,037	–	10	75,684	170,584
Total comprehensive loss							
Loss for the year ended 31 March 2020	–	–	–	–	–	(51,409)	(51,409)
Transactions with owners in their capacity as owners							
Share-based payments	–	–	4,269	–	–	–	4,269
Issuance of shares under Share Option Scheme (note 14(c))	904	52,420	(11,754)	–	–	–	41,570
Balance at 31 March 2020 and 1 April 2020	12,142	121,035	7,552	–	10	24,275	165,014
Total comprehensive income							
Profit for the year ended 31 March 2021	–	–	–	–	–	200,798	200,798
Transactions with owners in their capacity as owners							
Share-based payments	–	–	31,961	–	–	–	31,961
Purchase of shares (note (a))	–	–	–	(17,255)	–	–	(17,255)
Issuance of shares under Share Option Scheme (note 14(a))	1,069	82,836	(14,717)	–	–	–	69,188
Issuance of shares under Share Subscription (note 14(b))	755	59,593	–	–	–	–	60,348
2020 interim dividend paid	–	–	–	–	–	(9,497)	(9,497)
Balance at 31 March 2021	13,966	263,464	24,796	(17,255)	10	215,576	500,557

Note a: During the year, the Company contributed approximately HK\$17,255,000 at an average price of HK\$1.407 per share for purchase of 12,260,000 ordinary shares which are currently held under the share award scheme adopted on 8 September 2020 (the “Share Award Scheme”). No share award has been granted from this Share Award Scheme as of 31 March 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 Company has established a place of business in Hong Kong at 5/F., AIA Financial Centre, 112 King Fuk Street, San Po Kong, Kowloon, Hong Kong. With effect from 30 October 2020, the place of business in Hong Kong relocated to Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company and its subsidiaries (together the “**Group**”) are principally engaged in (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; (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) asset management services. During the year, the Group commenced its business with provision of investment management services and asset management services. The Group acquired Four Seasons Investment Management Limited (“**Four Seasons**”) and DL Family Office Pte. Ltd. (“**DL Family**”) in January 2021 and February 2021.

The immediate holding company and ultimate holding company of the Company is DA Wolf Investments I Limited (“**DA Wolf**”).

These consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated.

The financial statements for the year ended 31 March 2021 were approved for issue by the board of Directors on 24 June 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”).

The adoption of new and amended HKFRSs and the impacts on the Group’s consolidated financial statements, if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss (“**FVTPL**”) which are stated at fair value. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

3. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning or after 1 April 2020

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2020:

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

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Amendments to HKFRS 3 "Definition of a Business"

The amendments narrowed and clarified the definition of a business, with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

The amendments:

- clarify that a business is considered as an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Guidance and illustrative examples are provided to help entities assess whether a substantive process has been acquired;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add an optional concentration test that permits simplified assessment of whether an acquired set of activities and assets is not a business; and
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.

The application of these amendments has had no material impact on the Group's consolidated financial statements.

Issued but not yet effective HKFRSs

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

HKFRS 17	Insurance Contracts and related amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁵
Amendments to HKFRS 9, HKAS 39 and HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19 Related Rent Concessions ⁶
Amendment to HKFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021 ⁷
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong interpretation 5 (2020) ³
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 ²
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁵

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

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Effective date not yet determined

⁵ Effective for business combination/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

⁶ Effective for annual period beginning on or after 1 June 2020

⁷ Effective for annual period beginning on or after 1 April 2021

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 above new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

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

For the year ended 31 March 2020, the Group identified three reportable and operating segments which are Sales of apparel products — sales of apparel products with the provision of supply chain management total solutions to customers; Financial services of licensed business — provide finance advisory and securities brokerage services to the customers; and Money lending services — provide equity pledge financing services and money lending services to the customers.

During the year ended 31 March 2021, the Group set up one segregated portfolio, Heritage Distress SP (the “**Segregated Portfolio**”) through DJT Equity Series SPC (the “**Cayman Fund**”) and commenced its business with provision of asset management services.

The Group has identified the following reportable and operating segments:

- Financial services of licensed business — provide financial 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;
- Asset management services — provision of asset management services; and
- Sales of apparel products — sales of apparel products with the provision of supply chain management total solutions to customers.

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

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, expected credit loss (“**ECL**”) of trade and other receivables, ECL of loan and interest receivables of assets, net loss on deconsolidation of Heritage Distress SP, gain/(loss) on sales of financial assets at FVTPL (related to segment of assets management services and segment of sales of apparel products), fair value gain/(loss) on financial asset at FVTPL (related to segment of financial services of licensed business and segment of asset management services) and written off of property, plant and equipment 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, unallocated corporate expenses are not included in the result for each operating segment.

Segment assets include all assets with the exception of financial assets at FVTPL which are included in reportable and operating segment and other corporate assets.

Segment liabilities include contract liabilities, trade, bills and other payable, provision for reinstatement cost, lease liabilities, income tax payable and bank borrowings managed directly by the segments with exception of promissory note, bonds payable 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
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>)	288,218	12,909
— Sales of apparel products	133,475	212,875
	421,693	225,784
Revenue from other source		
— Provision of money lending services	4,858	607
	426,551	226,391
Disaggregated by timing of revenue recognition under HKFRS 15		
— Services provided over time	110,174	4,750
— Services provided at a point in time	178,044	8,159
— Goods transferred at a point in time	133,475	212,875
	421,693	225,784
Revenue from other source		
— Interest income from provision of money lending services	4,858	607
	426,551	226,391

Note (a)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from provision of financial services of licensed business		
Service fee income from financial advisory services and investment management services	281,195	12,707
Commission and brokerage arising on securities dealing on the Stock Exchange	7,023	202
	288,218	12,909

The segment information provided to the CODM for the reportable segments for the year ended 31 March 2021 is as follows:

	Financial services of licensed business <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Asset management services <i>HK\$'000</i>	Sales of apparel products <i>HK\$'000</i>	Inter- company Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue						
— From external customers	288,218	4,858	—	133,475	—	426,551
— Inter-segment revenue	100	—	—	—	(100)	—
Reportable segment revenue	288,318	4,858	—	133,475	(100)	426,551
Reportable segment profit/(loss)	178,156	2,302	44,860	(5,544)	5,055	224,829
Gain/(loss) on sales of financial assets at FVTPL	—	—	19,534	(4,725)	—	14,809
Fair value gain on financial assets at FVTPL	86	—	25,657	—	—	25,743
Bank interest income	10	—	—	—	—	10
Depreciation of property, plant and equipment	(704)	—	—	(235)	—	(939)
Depreciation of right-of-use assets	(1,489)	(120)	—	(3,295)	—	(4,904)
ECL of						
— trade and other receivables	(360)	—	—	(396)	—	(756)
— loan and interest receivables	—	(1,775)	—	—	—	(1,775)
Finance costs	(44)	(6)	(1,396)	(160)	—	(1,606)
Net loss of deconsolidation of Heritage Distress SP	—	—	(696)	—	—	(696)
Income tax expense	(8,652)	(673)	(7,280)	(389)	—	(16,994)
	Financial services of licensed business <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Asset management services <i>HK\$'000</i>	Sales of apparel products <i>HK\$'000</i>	Inter- company Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets						
Balance at 31 March 2021	283,217	95,084	—	55,444	—	433,745
Balance at 31 March 2020	48,913	39,097	—	122,362	—	210,372
Additions to non-current assets						
Balance at 31 March 2021 (<i>note 1</i>)	11,108	254	—	4,767	—	16,129
Balance at 31 March 2020	15,798	598	—	8,090	—	24,486
Reportable segment liabilities						
Balance at 31 March 2021	74,134	859	—	19,757	—	94,750
Balance at 31 March 2020	19,456	11	—	25,597	—	45,064

Note 1: Additions to non-current assets amounting to HK\$5,879,000 is included in corporate assets.

The segment information provided to the CODM for the reportable segments for the year ended 31 March 2020 is as follows:

	Financial services of licensed business <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Sales of apparel products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
— From external customers	12,909	607	212,875	226,391
Reportable segment revenue	<u>12,909</u>	<u>607</u>	<u>212,875</u>	<u>226,391</u>
Reportable segment profit/(loss)	3,895	301	(45,546)	(41,350)
Bank interest income	—	—	5	5
Depreciation of non-financial assets	(900)	—	(4,234)	(5,134)
ECL of loan and interest receivables	—	(163)	—	(163)
Written off of property, plant and equipment	—	—	(754)	(754)
Loss on sales of financial assets at FVTPL	—	—	(38,100)	(38,100)
Fair value loss on financial assets at FVTPL	—	—	(1,171)	(1,171)
Finance costs	(23)	—	(225)	(248)

Reconciliations of reportable segment profit, assets and liabilities

Profit/(loss)	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Reportable segment profit/(loss)	224,829	(41,350)
— Gain on sales of financial assets at FVTPL	138	—
— Fair value gain on financial assets at FVTPL	37,605	—
— Finance costs	(466)	—
— Depreciation of right-of-use assets	(887)	—
— Unallocated corporate expenses	(43,427)	(10,511)
Consolidated profit/(loss) before income tax	<u>217,792</u>	<u>(51,861)</u>

Assets	2021 <i>HK\$000</i>	2020 <i>HK\$000</i>
Reportable segment assets, after elimination of inter-segment balances	433,745	210,372
— Financial assets at FVTPL		
— Unlisted equity securities — outside Hong Kong	71,204	—
— Unlisted investment fund	119,106	—
— Other corporate assets	3,886	742
	<hr/>	<hr/>
Consolidated total assets	627,941	211,114
	<hr/> <hr/>	<hr/> <hr/>

Liabilities	2021 <i>HK\$000</i>	2020 <i>HK\$000</i>
Reportable segment liabilities, after elimination of inter-segment balances	94,750	45,064
Promissory note	22,376	—
Bonds payable	6,000	—
Other corporate liabilities	4,258	1,036
	<hr/>	<hr/>
Consolidated total liabilities	127,384	46,100
	<hr/> <hr/>	<hr/> <hr/>

Revenue from external customers is analysed by region as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from sales of apparel products:		
Europe	78,640	136,936
America	42,918	56,630
Middle East	5,886	14,257
Asia Pacific (including Hong Kong)	6,031	5,052
	<hr/>	<hr/>
	133,475	212,875
Revenue from provision of financial services of licensed business:		
Hong Kong	288,218	12,909
	<hr/>	<hr/>
Revenue from provision of money lending services:		
Hong Kong	4,858	607
	<hr/>	<hr/>
	426,551	226,391
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Geographical information

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and right-of-use assets; and the location of the operations to which they are allocated, in the case of intangible assets and goodwill. Specified non-current assets do not include deferred tax assets and financial instruments for the purpose of geographical information disclosure.

The Group's operations are principally located in Hong Kong and Singapore.

The Group's information about its specified non-current assets by geographical locations are detailed below:

	Specified non-current assets	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong	23,895	19,709
Singapore	8,073	–
	<u>31,968</u>	<u>19,709</u>

Revenue individually generated from the following customers contributed more than 10% of the total revenue of the Group:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A	N/A*	42,031
Customer B	48,373	41,177
Customer C	N/A*	27,236
Customer D	<u>124,333</u>	<u>N/A*</u>

During the year ended 31 March 2021, revenue from customer B and D of the Group's segment of sales of apparel products and segment of financial services of licensed business amounting to approximately HK\$48,373,000 (2020: HK\$41,177,000) and HK\$124,333,000 (2020: N/A), respectively, which represented approximately 11% (2020: 18%) and 29% (2020: N/A), respectively, of the Group's consolidated revenue.

During the year ended 31 March 2020, revenue from customer A and C of the Group's sales of apparel segment amounting to approximately HK\$42,031,000 (2021: N/A) and HK\$27,236,000 (2021: N/A), respectively, which represented approximately 19% (2021: N/A) and 12% (2021: N/A), respectively, of the Group's consolidated revenue.

* Revenue from this customer is less than 10% of total revenue of the Group for the year ended 31 December 2021 or 2020.

Liabilities related to contracts with customers

The consideration received in advance as prepayments from customers amounting to HK\$6,717,000 (2020: HK\$1,280,000) are for financial advisory service; consideration received in advance as prepayments from customers amounting to HK\$6,204,000 (2020: HK\$Nil) is for investment management service and consideration received in advance as prepayments from customers amounting to HK\$1,621,000 (2020: HK\$832,000) are for sales of apparel products. The contract liabilities are regarded as short term as the respective revenue is expected to be recognised within one year when the services are performed or goods are delivered.

The significant increase in contract liabilities are mainly consist of received in advance as prepayments from customers for financial advisory service and investment management service.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u>2,112</u>	<u>1,856</u>

5. OTHER GAINS/(LOSSES), NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gains/(losses) on sales of financial assets at FVTPL, net	14,947	(38,100)
Fair value gains/(losses) on financial assets at FVTPL, net	63,348	(1,171)
Net loss on deconsolidation of Heritage Distress SP	(696)	–
Dividend income from financial assets at FVTPL	1,614	–
Government grants (<i>note (a)</i>)	2,199	–
Written off of property, plant and equipment (<i>note 11</i>)	–	(754)
Foreign exchange gain	1,423	–
Others	162	593
	<u>82,997</u>	<u>(39,432)</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.

6. EXPENSES BY NATURE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of goods sold	114,636	191,477
Cost of services	64,023	–
Sales commission	1,465	2,579
Incentive fee	175	293
Provision for impairment of prepaid incentive fee	–	118
Depreciation of property, plant and equipment (<i>note 11</i>)	939	924
Depreciation of right-of-use assets	5,791	4,210
Short-term leases in respect of		
— office	72	7
— staff quarter	–	396
— car park	245	206
— warehouse	–	550
Auditors' remuneration		
— Audit services	1,100	806
Employee benefit expenses (<i>note 7</i>)	64,188	21,111
Entertainment and travelling expenses	7,454	1,923
ECL on trade receivables (<i>note 12</i>)	756	–
ECL on loan and interest receivables, net (<i>note 13</i>)	1,775	163
Share options granted to eligible participants other than directors and employees	610	1,792
Consultancy fee	10,208	5,257
Legal and professional fee	4,587	472
License expenses	2,070	73
Other expenses	9,600	6,220
	<u>289,694</u>	<u>238,577</u>
Total cost of sales, selling expenses, general and administrative expenses and ECL of receivables		

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Salaries, bonus and other short-term employee benefits	32,069	18,149
Share options granted to employees and directors	31,351	2,477
(Reversal of provision for)/provision for unutilised annual leave	(143)	20
Pension costs — defined contribution plans	911	465
	<u>64,188</u>	<u>21,111</u>

8. INCOME TAX EXPENSE/(CREDIT)

The amount of taxation charged/(credited) to the consolidated statement of profit or loss and other comprehensive income represents:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current income tax		
— Hong Kong	<u>16,474</u>	<u>102</u>
	16,474	102
Deferred tax		
— Hong Kong	<u>520</u>	<u>(554)</u>
Total	<u>16,994</u>	<u>(452)</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% (2020: 8.25%), and profits above HK\$2 million will be taxed at 16.5% (2020: 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% (2020: 16.5%). The Group is not subject to taxation in the Cayman Islands or the British Virgin Islands.

9. DIVIDENDS

On 18 November 2020, the Board resolved to approve an interim dividend of HK\$0.0068 per ordinary share for the six months ended 30 September 2020. Total dividend of approximately HK\$9,497,000 was paid out, including dividend paid to the shares held under the Share Award Scheme.

The final dividend in respect of the year ended 31 March 2021 of HK\$0.0358 per share, amounting to a total dividend of approximately HK\$49,999,000 was resolved by the Board to propose on 24 June 2021, which is subject to approval at the annual general meeting of the Company to be held on 9 September 2021. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but reflected as an appropriation of retained earnings for the year ended 31 March 2021.

10. EARNINGS PER SHARE

10.1 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 years.

	2021	2020
Profit/(loss) attributable to owners of the Company (HK\$'000)	200,798	(51,409)
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	<u>1,333,287,860</u>	<u>1,124,293,689</u>
Basic earnings/(loss) per share (HK cents per share)	<u>15.06</u>	<u>(4.57)</u>

10.2 Diluted

	2021	2020
Profit/(loss) attributable to owners of the Company (HK\$'000)	200,798	(51,409)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	1,333,287,860	1,124,293,689
Effect of dilutive potential ordinary shares		
— Share options	5,685,454	—
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	1,338,973,314	1,124,293,689
Diluted earnings/(loss) per share (HK cents per share)	15.00	(4.57)

Notes:

- (i) The calculation of the diluted earnings per share for the year ended 31 March 2021 is based on the profit for the year attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the sum of the weighted average number of the ordinary shares in issue during the year, as used in the basic earnings 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 into ordinary shares.
- (ii) Diluted loss per share for the year ended 31 March 2020 equals to basic loss per share as the impact of share options outstanding has an anti-dilutive effect on the basic loss per share amounts presented.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements <i>HK\$'000</i>	Office equipment <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Fitting and furniture <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 March 2020						
Opening net book value	566	31	46	105	363	1,111
Acquisition through business combinations	1,176	198	–	51	–	1,425
Additions	928	620	18	–	–	1,566
Written off (<i>note 5</i>)	(591)	(163)	–	–	–	(754)
Depreciation (<i>note 6</i>)	(517)	(120)	(29)	(52)	(206)	(924)
Closing net book value	<u>1,562</u>	<u>566</u>	<u>35</u>	<u>104</u>	<u>157</u>	<u>2,424</u>
At 31 March 2020						
Cost	4,968	771	962	285	1,030	8,016
Accumulated depreciation	(3,406)	(205)	(927)	(181)	(873)	(5,592)
Net book value	<u>1,562</u>	<u>566</u>	<u>35</u>	<u>104</u>	<u>157</u>	<u>2,424</u>
Year ended 31 March 2021						
Opening net book value	1,562	566	35	104	157	2,424
Acquisition through business combinations (<i>note 17</i>)	–	–	9	–	–	9
Additions	498	214	18	84	–	814
Depreciation	(514)	(178)	(21)	(69)	(157)	(939)
Closing net book value	<u>1,546</u>	<u>602</u>	<u>41</u>	<u>119</u>	<u>–</u>	<u>2,308</u>
At 31 March 2021						
Cost	5,466	985	989	369	1,030	8,839
Accumulated depreciation	(3,920)	(383)	(948)	(250)	(1,030)	(6,531)
Net book value	<u>1,546</u>	<u>602</u>	<u>41</u>	<u>119</u>	<u>–</u>	<u>2,308</u>

Depreciation expenses of approximately HK\$939,000 (2020: HK\$924,000) have been charged to the general and administrative expenses for the year ended 31 March 2021.

12. TRADE, BILLS AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gross trade receivables (excluding margin receivables and receivables from financial advisory services and investment management services)	27,854	21,509
Gross trade receivables — investment management services	130,489	–
Gross trade receivables — margin receivables (<i>note (a)</i>)	33,399	7,712
Gross trade receivables — financial advisory services	11,336	711
Gross bills receivables	–	1,924
	<u>203,078</u>	<u>31,856</u>
Less: Provision for expected credit loss (<i>note (b)</i>)	(756)	–
	<u>202,322</u>	31,856
Trade and bills receivables, net of provision	202,322	31,856
Prepaid incentive fee	–	175
Payment in advance to suppliers	2,232	3,918
Deposits	1,716	1,955
Prepayments	1,496	316
Amount due from a related party (<i>note (d)</i>)	1,365	–
Other receivables and deposits (<i>note (c)</i>)	3,894	43,240
	<u>213,025</u>	81,460
Total trade, bills and other receivables, prepayments and deposits	213,025	81,460
Less: Non-current portion		
Long-term portion of deposits	(1,716)	(1,955)
	<u>(1,716)</u>	<u>(1,955)</u>
	<u><u>211,309</u></u>	<u><u>79,505</u></u>

Notes:

- (a) Trade receivables from margin clients are secured by the client's pledged securities with undiscounted market value of approximately HK\$176,678,000 as at 31 March 2021 (2020: HK\$16,866,000) which can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. Trade receivables from margin clients are repayable on demand and bear interest at commercial rates. There is no repledge of the collateral from margin clients during the year ended 31 March 2021 (31 March 2020: Nil).
- (b) ECL allowance of HK\$756,000 was recognised for trade, bills and other receivables as at 31 March 2021 (2020: Nil).
- (c) As at 31 March 2020, the balance includes cheque in transit related to the exercise of options by respective option holders under the share option scheme adopted by the Company on 22 September 2015 (the "Share Option Scheme") and the amount had been fully settled during the year ended 31 March 2021.
- (d) As at 31 March 2021, the amount due from a related party amounting to HK\$1,365,000 is unsecured, interest-free and repayable on demand.

The carrying amounts of trade, bills and other receivables, prepayments and deposits approximate 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 (2020: 90 days) to its trade customers of other business.

No aging 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 aging analysis does not give additional value in the view of the value of business of margin financing. At 31 March 2021 and 2020, the aging analysis of trade and bills receivables (except margin receivables) based on invoice date is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
1 to 30 days	147,833	5,003
31 to 60 days	10,687	995
61 to 90 days	1,474	8,604
Over 90 days	8,929	9,542
	<u>168,923</u>	<u>24,144</u>

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

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 carrying amounts of the trade, bills and other receivables, prepayments and deposits are denominated in the following currencies:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
US\$	29,208	23,393
HK\$	183,556	58,066
RMB	200	1
SG\$	61	–
	<u>213,025</u>	<u>81,460</u>

13. 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 31 March 2021 and 2020, all loan and interest receivables are not past due. All loan and interest receivables are matured within one year, based on maturity date, and denominated in HK\$ and Renminbi (“RMB”).

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loan receivables	92,781	31,900
Interest receivables	1,858	607
	94,639	32,507
Less: Provision for ECL on loan and interest receivables — Stage 1 (<i>note 6</i>)	(1,938)	(163)
Loan and interest receivables, net of provision	92,701	32,344

Loan receivables are unsecured, interest bearing from 8%–20% (2020: 8%–20%) per annum and repayable in fixed term agreed with customers. Interest receivables are unsecured, interest bearing from 0%–36% (2020: 0%–36%) 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 <i>HK\$'000</i>	Interest receivables <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1 April 2020	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 credit losses on loan and interest receivables	160	3	163
Transfer to 12-month ECL (Stage 1)	(1,896)	(42)	(1,938)
Balance at 31 March 2021	90,885	1,816	92,701

For loans 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. In general, when loans receivable or its related instalments are overdue by 30 days, there are significant increase in credit risk.

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.

14. SHARE CAPITAL

2021	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$</i>
Authorised share capital		
As at 31 March 2020 and 31 March 2021	10,000,000,000	100,000,000
Issued and fully paid		
As at 31 March 2020 and 1 April 2020	1,214,145,000	12,141,450
Issuance of ordinary share under Share Option Scheme (<i>note (a)</i>)	106,976,000	1,069,760
Issuance of shares on 31 July 2020 (<i>note (b)</i>)	75,500,000	755,000
As at 31 March 2021	1,396,621,000	13,966,210
2020	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$</i>
Authorised share capital		
As at 31 March 2019 and 31 March 2020	10,000,000,000	100,000,000
Issued and fully paid		
As at 31 March 2019 and 1 April 2019	1,123,800,000	11,238,000
Issuance of ordinary share under Share Option Scheme (<i>note (c)</i>)	90,345,000	903,450
As at 31 March 2020	1,214,145,000	12,141,450

Notes:

- (a) During the year ended 31 March 2021, 106,976,000 shares were issued at subscription price from HK\$0.425 to HK\$1.00 to respective option holders pursuant to their exercise of the options under the Share Option Scheme of the Company.
- (b) On 31 July 2020, the Company has issued 75,500,000 ordinary shares at the subscription price of HK\$0.8 per share by way of share placement. The net proceeds, after considering the share issuance expense of HK\$52,000, amounted to approximately HK\$60,348,000 of which HK\$755,000 was credited to the share capital account and approximately HK\$59,645,000 was credited to share premium account.
- (c) On 31 March 2020, 90,345,000 shares were issued at subscription price from HK\$0.425 to HK\$0.500 to respective option holders to their exercise of the options under the Share Option Scheme of the Company.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade and bills payables	9,964	11,662
Trade payables to securities brokerage clients (<i>note 15.1</i>)	34,653	14,706
Contract liabilities	14,542	2,112
Provision for reinstatement cost	250	250
Accrued employee benefits expenses	357	523
Amount due to clearing house	5,310	2,652
Other payables	6,644	2,951
Amount due to related parties (<i>note (a)</i>)	7,466	–
	<u>79,186</u>	<u>34,856</u>
Less: Non-current portion		
Provision for reinstatement cost	<u>(250)</u>	<u>(250)</u>
	<u><u>78,936</u></u>	<u><u>34,606</u></u>

Note:

- (a) As at 31 March 2021, the amounts due to related parties amounting to HK\$7,466,000 is unsecured, interest-free and repayable on demand.

15.1. Trade payables to securities brokerage clients

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables from the business of dealing in securities:		
Current:		
— Trade payables — margin clients	26,020	118
— Trade payables — cash clients	8,633	14,588
	<u>34,653</u>	<u>14,706</u>

The directors of the Company considered that the fair values of trade payables to margin clients are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

No aging analysis of margin clients is disclosed as in the opinion of the directors of the Company, the aging analysis does not give additional value in view of the nature of this business.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
1 to 30 days	5,613	723
31 to 60 days	110	2,189
61 to 90 days	837	976
Over 90 days	3,404	7,774
	<hr/> 9,964 <hr/>	<hr/> 11,662 <hr/>
Total trade and bills payables	9,964	11,662

16. BANK BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current bank borrowings	–	6,362
	<hr/> – <hr/>	<hr/> 6,362 <hr/>

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

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

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

During the year ended 31 March 2021, all the bank borrowings had been repaid.

17. BUSINESS COMBINATIONS

Subsidiaries acquired

2021	Principal activities and place of operation	Date of acquisition	Proportion of shares acquired	Consideration transferred
DL Family	Provision of investment management services business	5 February 2021	100%	SG\$1
Four Seasons	Provision of investment management services business	4 January 2021	100%	HK\$2,218,000

DL Family and Four Seasons were acquired so as to continue the expansion of the Group’s existing financial services business to investment management services business.

DL Family

On 5 February 2021, DL Asset Management Limited (“**DL Asset Management**”), a wholly-owned subsidiary of the Company and DL Global Holdings Limited, entered into the agreement pursuant to which DL Asset Management has agreed to acquire the entire share capital of DL Family for a cash consideration of SG\$1.

DL Family is a private company incorporated in Singapore and licensed by the Monetary Authority of Singapore (“**MAS**”) for commencement of asset management service business as a Registered Fund Management Company (“**RFMC**”) in Singapore. The acquisition of DL Family was completed on 5 February 2021.

Details of the aggregate fair values of the identifiable assets and liabilities of DL Family as at the date of the acquisition were as follows:

	Recognised values on acquisition HK\$'000
Property, plant and equipment (<i>note 11</i>)	9
Trade, bills and other receivables, prepayments and deposits	57
Cash and cash equivalents	6,490
Other payables (<i>note (i)</i>)	(7,891)
	<hr/>
Net liabilities acquired	(1,335)
	<hr/> <hr/>
Goodwill arising on acquisition:	
Cash consideration transferred	—*
Fair value of identifiable net liabilities acquired	1,335
	<hr/>
	1,335
	<hr/> <hr/>
Net cash inflow arising on acquisition of a subsidiary:	
Cash consideration paid	—*
Cash and cash equivalents acquired	6,490
	<hr/>
	6,490
	<hr/> <hr/>

* Amount less than HK\$1,000

Note (i): Included in other payables, SG\$1,244,000, approximately HK\$7,091,000, was amount due to the Group

Four Seasons

On 4 January 2021, the Company entered into the agreement pursuant to which Bestway Billion Investment Development Limited (“Bestway Billion”) has agreed to acquire the entire share capital of Four Seasons. Bestway Billion, the shareholder of Four Seasons, has agreed to sell the entire share capital of Four Seasons for a cash consideration of approximately HK\$2,218,000.

Four Seasons is a private company incorporated in Cayman Islands and principally engaged in the business of investment management services. The acquisition of Four Seasons was completed on 4 January 2021.

Details of the aggregate fair values of the identifiable assets and liabilities of Four Seasons as at the date of the acquisition were as follows:

	Recognised values at acquisition HK\$'000
Debtors, deposits and other receivables	4,850
Cash and cash equivalents	149
Other payables	(1,656)
Contract liabilities	(7,075)
	<hr/>
Net liabilities acquired	(3,732)
	<hr/> <hr/>
Goodwill arising on acquisition:	
Cash consideration transferred	2,218
Fair value of identifiable net liabilities acquired	3,732
	<hr/>
	5,950
	<hr/> <hr/>
Net cash outflow arising on acquisition of a subsidiary:	
Cash consideration paid	(2,218)
Cash and cash equivalents acquired	149
	<hr/>
	(2,069)
	<hr/> <hr/>

Impact of acquisitions on the result of the Group

Included in the profit for the year ended 31 March 2021 is profit of approximately HK\$126,659,000 attributable to the additional business generated by Four Seasons, and loss of approximately HK\$472,000 attributable to DL Family. Revenue for the year includes approximately HK\$128,586,000 in respect of Four Seasons. No revenue was generated by DL Family.

If the acquisition had occurred on 1 April 2020, the Group’s revenue would have been approximately HK\$441,422,000 and profit before tax for the year would have been approximately HK\$224,480,000 for the year ended 31 March 2021. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisitions been completed on 1 April 2020, nor is it intended to be a projection of future results.

Subsidiaries acquired

2020	Principal activities and place of operation	Date of acquisition	Proportion of shares acquired	Consideration transferred
DL Securities (HK) Limited (“DL Securities”)	Provision of financial advisory services and securities brokerage business	11 November 2019	100%	HK\$41,780,000
DA Finance (HK) Limited (“DA Finance”)	Provision of equity pledge financing service and money lending services	11 November 2019	100%	HK\$220,000
				<hr/>
				<u>HK\$42,000,000</u>

DL Securities and DA Finance were acquired so as to continue the expansion of the Group’s financial services business.

DL Securities

On 6 March 2019, Topper Alliance Holdings Limited (“**Topper Alliance**”), a wholly-owned subsidiary of the Company, entered into the agreement pursuant to which Topper Alliance has conditionally agreed to acquire, and Mr. Chen, a substantial shareholder of the Company, has conditionally agreed to sell the entire share capital of DL Securities for a cash consideration of approximately HK\$41,780,000.

DL Securities is licensed by the SFC to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO. In addition, DL Securities is engaged in providing service of securities broking, margin financing and corporate finance in Hong Kong. The acquisition of DL Securities was completed on 11 November 2019.

Details of the aggregate fair values of the identifiable assets and liabilities of DL Securities as at the date of acquisition were as follows:

	Pre- acquisition carrying amounts <i>HK\$'000</i>	Fair value adjustments <i>HK\$'000</i>	Recognised values on acquisition <i>HK\$'000</i>
Property, plant and equipment (<i>note 11</i>)	1,425	–	1,425
Intangible asset — SFC license type 1, 4 and 6	–	11,748	11,748
Right-of-use assets	1,335	–	1,335
Trade, bills and other receivables, prepayments and deposits	18,000	–	18,000
Cash and cash equivalents	13,049	–	13,049
Trade, accruals and other payables	(2,689)	–	(2,689)
Lease liabilities	(1,363)	–	(1,363)
	<u>29,757</u>	<u>11,748</u>	<u>41,505</u>
Net assets acquired			
Goodwill arising on acquisition:			
Cash consideration transferred			41,780
Fair value of identifiable net assets acquired			<u>(41,505)</u>
			<u>275</u>
Net cash outflow arising on acquisition of a subsidiary:			
Cash consideration paid			41,780
Cash and cash equivalents acquired			<u>(13,049)</u>
			<u>28,731</u>

DA Finance

On 6 March 2019, Topper Alliance entered into the agreement pursuant to which Topper Alliance has conditionally agreed to acquire, and Mr. Chen, a substantial shareholder of the Company, has conditionally agreed to sell the entire share capital of DA Finance for a cash consideration of approximately HK\$220,000.

DA Finance is a private company incorporated in Hong Kong and principally engaged in the business of equity pledge financing and money lending. The acquisition of DA Finance was completed on 11 November 2019.

Details of the aggregate fair values of the identifiable assets and liabilities of DA Finance as at the date of acquisition are as follows:

	Pre- acquisition carrying amounts <i>HK\$'000</i>	Fair value adjustments <i>HK\$'000</i>	Recognised values on acquisition <i>HK\$'000</i>
Debtors, deposits and other receivables	7,167	–	7,167
Intangible asset — Money lending license	–	500	500
Cash and cash equivalents	48	–	48
Other payables	(7,593)	–	(7,593)
	<u> </u>	<u> </u>	<u> </u>
Net assets acquired	<u>(378)</u>	<u>500</u>	<u>122</u>
Goodwill arising on acquisition:			
Cash consideration transferred			220
Fair value of identifiable net assets acquired			<u>(122)</u>
			<u>98</u>
Net cash outflow arising on acquisition of a subsidiary:			
Cash consideration paid			(220)
Cash and cash equivalents acquired			<u>48</u>
			<u>(172)</u>

The net cash outflow in relation to the acquisition was HK\$28,903,000. Deposit of HK\$21,000,000 was paid during the year ended 31 March 2019. The net cash outflow during the year ended 31 March 2020 was HK\$7,903,000.

Profit guarantee

Pursuant to the Agreement, Mr. Chen irrevocably warrants and guarantees to Topper Alliance that the audited profit after tax of DL Securities and DA Finance will be not less than the Guaranteed Profit during the Guarantee Period. If during the Guarantee Period, the audited profit after tax of DL Securities and DA Finance is less than the Guaranteed Profit, Mr. Chen shall compensate Topper Alliance seven times of the shortfall on a dollar to dollar basis within fourteen days after the delivery of the audited accounts of DL Securities and DA Finance for the Guarantee Period in an amount calculated as follows: $A = (\text{Guaranteed Profit} - \text{actual profit}) \times 7$ where A is the adjustment consideration for the profit guarantee. If DL Securities and DA Finance record an aggregate loss in its audited accounts for the Guarantee Period, the actual profit shall deem to be nil. If the actual profit exceeds the Guaranteed Profit, no adjustment consideration will be payable to Mr. Chen by either DL Securities and DA Finance or Topper Alliance.

Impact of acquisitions on the result of the Group

Included in the loss for the year ended 31 March 2020 is profit of approximately HK\$3,876,000 attributable to the additional business generated by DL Securities, and profit of approximately HK\$288,000 attributable to DA Finance. Revenue for the year includes approximately HK\$12,909,000 in respect of DL Securities and approximately HK\$607,000 in respect of DA Finance.

If the Acquisition had occurred on 1 April 2019, the Group's revenue would have been approximately HK\$262,387,000 and loss for the year would have been approximately HK\$48,930,000 for the year ended 31 March 2020. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2019, nor is it intended to be a projection of future results.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Following the acquisition of DL Securities (HK) Limited (“**DL Securities**”) and DA Finance (HK) Limited (“**DA Finance**”), the Group marched into the industry of financial services. During the year ended 31 March 2021 (the “**Reporting Period**”), despite the uncertainties cast on the global economic prospect by the outbreak of COVID-19, the Group is expanding 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, and money lending services (the “**Financial Services Businesses**”) rapidly. During the Reporting Period, the Group recorded significant increase in revenue by approximately 88.4% to approximately HK\$426.6 million (2020: HK\$226.4 million). Driven by the increase in revenue, gross profit increased dramatically by approximately 702.5% to approximately HK\$245.5 million (2020: HK\$30.6 million), and the Group recorded a total comprehensive income attributable to the owners of the Company of approximately HK\$200.8 million, achieving a turnaround from total comprehensive loss attributable to the owners of the Company of approximately HK\$51.4 million in the year ended 31 March 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 82% 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 of our securities trading and brokerage and margin financing services.

The securities trading and brokerage services include trading securities on behalf of clients. As at 31 March 2021, the Group has 197 securities brokerage clients. During the Reporting Period, the transaction amount for the securities trading and brokerage services amounted to approximately HK\$4,518 million. As at 31 March 2021, the total customer asset size for brokerage services amounted to approximately HK\$2,275 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 31 March 2021, the loan receivables from margin financing services amounted to approximately HK\$33.4 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. During the Reporting Period, the Group had acquired a licensed entity in the Cayman Islands (“**Cayman Investment Manager**”) and a licensed entity in Singapore (“**Singapore Investment Manager**”) engaging in provision of investment management services, 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 31 March 2021, the assets under investment management and assets subject to investment advisory services of the Group were approximately HK\$4,167 million. During the Reporting Period, the service fees charged by the Group for managing the assets under investment management amounted to approximately HK\$128.6 million.

For the year ended 31 March 2021, the segment revenue for provision of financial services of licensed business was approximately HK\$288.2 million (2020: HK\$12.9 million) and segment profit was approximately HK\$178.2 million (2020: HK\$3.9 million).

The significant increase in segment revenue and segment profit was attributable to the first full year operation and expansion of the financial services of licensed business, in particular, by the service fees of approximately HK\$128.6 million recognised as a result of the acquisition of the Cayman Investment Manager and the placing commission of approximately HK\$72.4 million for the year ended 31 March 2021.

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\$4.9 million (2020: HK\$0.6 million) and segment profit was approximately HK\$2.3 million (2020: HK\$0.3 million). The increase in segment revenue and segment profit was attributable to an increase in loan receivables from money lending services to approximately HK\$92.8 million as at 31 March 2021 (31 March 2020: HK\$31.9 million), resulting in an increase in interest received or accrued.

Provision of asset management services

In May 2020, DJT Partners Limited, the Group’s wholly-owned subsidiary, has subscribed for and holds all the management shares of a fund incorporated in the Cayman Islands.

During the Reporting Period, the segment profit for provision of asset management services was approximately HK\$44.9 million (31 March 2020: Nil). The increase in segment profit was primarily attributable to the fair value gain on the investment of the financial assets at fair value through profit or loss.

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 (“**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 centers 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 outbreak, global economic uncertainty and international trade conflict, particularly the US-China trade conflicts, and the retail industry in the Americas had proven to be increasingly difficult with several well-known and established retailers as well as other independent retailers closing down operations in the United States in 2018, the Group saw a decrease in the sales order from its customers in Europe, America and Middle East regions for the Reporting Period, whereas the sales orders from its customers in the Asia Pacific region recorded an increase as (i) the region was less affected by COVID-19 Pandemic and international trade conflict; 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.

FUTURE OUTLOOK

The financial services business was able to grow considerably during the Reporting Period. It has proven to be a key revenue driver of the Group under the difficult and uncertain economic outlook. Given the homecoming listings of China concepts stocks, the financial industry in Hong Kong has shown more promising growth. With our outstanding management and seasoned professionals, the Group is well positioned to grasp development opportunities to expand business portfolio in order to continue to improve service quality, reduce operating costs and maximise returns for shareholders of the Company (“**Shareholders**”).

Overall, in the face of the complex international economic and social situation, the Group will focus more on the construction and maintenance of a friendly-activist investment platform. Looking forward, the Group is optimistic that the financial services business will continue to contribute as a significant revenue driver to the Group. The Group will continue to strengthen the sales and distribution network and identify business partners in respect of the financial services business to expand its financial advisory services, securities research, referral services, securities trading and brokerage services, margin financing services and investment management and advisory services, so as to enhance its income streams with an aim to drive sustainable growth of the Group. The Group has acquired an investment manager in Cayman Islands and an investment manager in Singapore and will further develop its asset management services by obtaining the license for type 9 (asset management) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). The Group has

incorporated 18 limited partnership funds in Hong Kong which mainly invests in private equities subsequent to the end of the Reporting Period. The Group will also expand the wealth management services by utilising the alternative investments platform and family office platform.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group reported revenue of approximately HK\$426.6 million, representing an increase of approximately 88.4% from approximately HK\$226.4 million for the year ended 31 March 2020. The significant increase was mainly attributable to the increase in revenue contributed by the Financial Services Businesses and was offset, to some extent, by the decrease in the segment revenue of the Apparel Business.

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\$288.2 million, HK\$4.9 million and HK\$133.5 million respectively, and the provision of financial services of licensed business has become the major revenue contributor during the Reporting Period.

During the Reporting Period, the segment revenue of the provision of financial services of licensed business increased to approximately HK\$288.2 million from approximately HK\$12.9 million for the year ended 31 March 2020, which represents an increase of approximately 2,132.7%. It was mainly attributable to the first full year of operation and in the diversified income stream arising from the management fees of the Cayman Investment Manager of approximately HK\$128.6 million and the placing commission of HK\$72.4 million.

During the Reporting Period, the segment revenue of the money lending services increased to approximately HK\$4.9 million from approximately HK\$0.6 million for the year ended 31 March 2020, which represents an increase of approximately 700.3%. It was mainly attributable to the increase in interest received or accrued from the increase in loan receivables.

During the Reporting Period, the segment revenue for the Apparel Business decreased to approximately HK\$133.5 million from approximately HK\$212.9 million for the year ended 31 March 2020, representing a decrease of approximately 37.3% and segment loss was approximately HK\$5.5 million. The Apparel Business continues to suffer from challenges in the global business environment and fierce competition under the outbreaks of COVID-19 and international trade conflicts.

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 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\$181.1 million for the year ended 31 March 2021 from approximately HK\$195.8 million for the year ended 31 March 2020, representing a decrease of approximately 7.5%. Such decrease was attributable to a decrease in the cost of sales for the Apparel Business of approximately 40% to HK\$117.1 million for the year ended 31 March 2021 which was in line with the decrease in revenue from the Apparel Business, and was offset by the increase in cost of services for the Financial Services Businesses primarily from the financial services of licensed business by approximately 6,302% to HK\$64.0 million.

Gross profit and gross profit margins

The gross profit of the Group was approximately HK\$245.5 million for the year ended 31 March 2021 as compared with approximately HK\$30.6 million for the year ended 31 March 2020, which represents an increase of 702.5% mainly attributable to the contribution of gross profit of approximately HK\$224.2 million from the Financial Services Businesses.

Other gains/(losses), net

During the Reporting Period, the Group recorded net other gains of approximately HK\$83.0 million with respect to net other losses of approximately HK\$39.4 million. It was mainly attributable to the (i) gains on sales of financial assets at fair value through profit or loss due to the sales of listed equities of approximately HK\$14.9 million when compared to losses on sales of financial assets at fair value through profit or loss due to the sales of listed equities of approximately HK\$38.1 million for the year ended 31 March 2020; and (ii) the net fair value gains on financial assets at fair value through profit or loss of approximately HK\$63.3 million when compared to fair value losses on financial assets at fair value through profit or loss of approximately HK\$1.2 million for the year ended 31 March 2020.

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. Selling expenses decreased to approximately HK\$5.4 million for the year ended 31 March 2021 from approximately HK\$6.5 million for the year ended 31 March 2020, representing a decrease of approximately 17.4% which was in line with the decrease in revenue from the Apparel Business.

General and administrative expenses

General and administrative expenses primarily consist of employee benefit expenses, entertainment and travelling expenses, depreciation of property, plant and equipment, legal and professional fees and other miscellaneous general and administrative expenses. General and administrative expenses increased to approximately HK\$100.7 million for the year ended 31 March 2021 from approximately HK\$36.1 million for the year ended 31 March 2020, representing an increase of approximately 178.8%. Such increase was mainly due to (i) the increase in the number of staff from 42 to 61 during the year ended 31 March 2021 and the consequential increase in salary expenses of approximately HK\$13.9 million and (ii) increase in share based payment expenses due to granting of share options to certain directors and employees of approximately HK\$28.9 million.

Finance costs

The overall finance cost increased from approximately HK\$0.2 million for the year ended 31 March 2020 to approximately HK\$2.1 million for the year ended 31 March 2021 which was mainly attributable to the interest expenses on margin financing and promissory note incurred by our Group.

As at 31 March 2021, the Group had no bank borrowings, while the Group had bank borrowings with average interest rate per annum at 2.69% for the year ended 31 March 2020.

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

Total comprehensive income attributable to owners of the Company was approximately HK\$200.8 million for the year ended 31 March 2021 while the total comprehensive loss attributable to owners of the Company was approximately HK\$51.4 million for the year ended 31 March 2020. The turnaround from total comprehensive loss to total comprehensive income was mainly attributable to the contribution of segment profits of approximately HK\$180.5 million from the Financial Services Businesses.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 March 2021, the Group mainly financed its operations with its own working capital. As at 31 March 2021 and 2020, the Group had net current assets of approximately HK\$287.1 million and HK\$135.8 million respectively, including cash and cash equivalents of approximately HK\$56.2 million and HK\$50.7 million respectively. The Group's current ratio decreased from approximately 3.98 as at 31 March 2020 to approximately 3.47 as at 31 March 2021. Such decrease was mainly due to increase in current liabilities, particular in trade, bills and other payable and promissory note.

As at 31 March 2021, the Group has no bank borrowings as compared with approximately HK\$6.4 million as at 31 March 2020.

As at 31 March 2021, the Group's other borrowings include unlisted bonds and promissory note.

During the Reporting Period, the Company completed the issuance of 5% coupon unlisted bonds to independent third party subscribers with an aggregate principal amount of HK\$6 million repayable in 2027 and 2028, respectively. The unlisted bonds are unsecured and not guaranteed.

During the Reporting Period, 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 repayable in December 2021 and was partially repaid during the Reporting Period, therefore, as at 31 March 2021, the promissory note payables amounted to approximately HK\$22.4 million.

As at 31 March 2021, all the borrowings of the Group are with fixed interest rates and denominated in US dollars and Hong Kong dollars.

As at 31 March 2021, the cash and cash equivalents of the Group were mainly held in US dollars and Hong Kong dollars.

Details of changes in the Company's share capital are set out in note 14 to this announcement.

Gearing ratio is calculated by dividing total debts (including bank borrowings, bonds payable, promissory note and lease liabilities) by total equity as at the end of the reporting period. The Group's gearing ratio increased from approximately 6.8% as at 31 March 2020 to approximately 7.8% as at 31 March 2021.

TREASURY POLICIES

The Group adopts prudent treasury policies. The Group's management performs an ongoing credit evaluation of the financial conditions of its customers in order to reduce the Group's exposure of credit risk. In addition to these ongoing credit evaluations, 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. As at 31 March 2021, the Group has no lease commitments for short-term lease (2020: HK\$4,000). As at 31 March 2021, the Group did not have any significant capital commitments (31 March 2020: nil).

CAPITAL STRUCTURE

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

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 ("**Cayman Fund**").

As at 31 March 2021, the Cayman Fund had set up 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 in the sum of HK\$100 million, representing 90.6% of the participating shares of the Segregated Portfolio. In February 2021, there was a restructuring of the Cayman Fund whereby an investment manager was appointed and the day-to-day investment decisions, management and operation was delegated by its directors to the investment manager (the "**Restructuring**"). As a result of the Restructuring, the Group ceased to have control over the Cayman Fund. As such, the fair value of the retained interests in the Cayman Fund was reclassified as financial assets at fair value through profit or loss and no longer consolidated in the financial statements of the Company as at 31 March 2021.

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 31 March 2021, the fair value of the investment in the Cayman Fund amounted to approximately HK\$119.6 million, which represents approximately 19.2% of the total assets of the Group as at 31 March 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\$3.9 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, the chairman of the Board (the “**Chairman**”) and executive Director and Mr. Chen Ningdi, 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 fair value through profit or loss. As at 31 March 2021, the fair value of the investment in the Target Company amounted to approximately HK\$71.2 million, which represents approximately 11.3% of the total assets of the Group as at 31 March 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\$33.2 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 31 March 2021, the Group has no significant investments accounting for more than 5% of the Group's total assets.

The Group adopts prudent and pragmatic investment strategies over its significant investment to generate investment return with a view to better utilise the capital and funds of the Group. Factors including but not limited to the investee's financial performance, prospect, dividend policy and associated risk of the investment were considered for investment decisions.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures for the year ended 31 March 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 March 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 (the "Listing Rules") Governing the Listing of Securities of the Stock Exchange as and when appropriate.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2021 and 2020.

FOREIGN EXCHANGE EXPOSURE

The Group's exposure to currency risk primarily related to Hong Kong Dollars ("HK\$") and Renminbi ("RMB"). As at 31 March 2021 and 2020, foreign exchange risk on financial assets and liabilities denominated in RMB was insignificant to the Group. Although the Group's revenue and major expenses are mainly in United States Dollars ("US\$"), which is the functional currency of the Group, as HK\$ is pegged to US\$, the Group does not expect any significant movement in the US\$/HK\$ exchange rate. The Group does not undertake any foreign currency hedging and does not use any financial instrument for hedging purposes currently.

CHARGE OF GROUP ASSETS

As at 31 March 2021, the Group did not pledge any of its assets (31 March 2020: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021 and 2020, the Group employed a total of 61 and 42 full-time employees respectively. The Group's employee benefit expenses mainly include salaries, wages, other staff benefits and contributions to retirement schemes. For the years ended 31 March 2021 and 2020, the Group's total employee benefit expenses (including Directors' emoluments) amounted to approximately HK\$64.2 million and HK\$21.1 million respectively. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses would be discretionarily offered to employees in accordance with their performance.

SHARE OPTION SCHEME

The Share Option Scheme was adopted and approved by the then Shareholders on 22 September 2015. 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 year ended 31 March 2021, the Company granted 107,500,000 share options under the Share Option Scheme and a total of 106,976,000 shares options were exercised by employees, Directors, supplier and other participants. As at 31 March 2021, the Company had 63,000,000 share options (31 March 2020: 62,476,000) outstanding under the Share Option Scheme.

SHARE AWARD SCHEME

A share award scheme was adopted by the Company on 8 September 2020 (the "**Share Award Scheme**"). The Share Award Scheme is (i) to recognise the contributions by the participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. The Share Award Scheme shall be subject to administration of the Board and DL Securities, the trustee in accordance with the rules of the Share Award Scheme and the trust deed in relation thereto. The eligible participants of the Share Award Scheme include any employee (including without limitation any executive director) of any member of the Group, any non-executive director or proposed non-executive director (including independent non-executive director) of any member of the Group or any entity in which any member of the Group holds any equity interest (the "**Invested Entity**"), any customer of the Group or any Invested Entity, any person or entity that provides or will provide research, development, consultancy, advisory services or other technological support to the Group or any Invested Entity, any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested

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

During the year ended 31 March 2021, the Company did not grant any share award under the Share Award Scheme. As at 31 March 2021, the Company had 12,260,000 shares held under the Share Award Scheme (31 March 2020: nil).

ISSUE OF SECURITIES AND USE OF PROCEEDS

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

As at 31 March 2021, the net proceeds had been applied as follows:

Intended and actual use of the net proceeds	Allocation <i>(HK\$ million)</i>	Utilised net proceeds as at 31 March 2021 <i>(HK\$ million)</i>
Expansion of its financial services business by further subscribing for the participating shares in the Cayman private fund established by the Group's wholly-owned subsidiary, DJT Partners Limited, in May 2020	50.00	50.00
Strengthening the sales and distribution network of the financial services business of the Group	10.15	10.15
Total	<u>60.15</u>	<u>60.15</u>

SUBSEQUENT EVENTS

Since 31 March 2021 and up to the date of this announcement, there is no significant event affecting the Group that have occurred.

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

Save as disclosed in the paragraph headed “Share Award Scheme” for the year ended 31 March 2021, the Company and its subsidiaries did not purchase, sell or redeem any of its Shares listed on the Stock Exchange.

CORPORATE GOVERNANCE PRACTICES

The Company’s corporate governance practices are based on principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules. 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.

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

Save as disclosed above, the Company was in compliance with all code provisions set out in the CG Code for the year ended 31 March 2021.

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 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 year ended 31 March 2021.

DIRECTORS’ INTERESTS IN COMPETING BUSINESSES

For the year ended 31 March 2021 and up to the date of this announcement, 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.

NON-COMPETITION UNDERTAKING

The Company confirms that the non-competition undertaking dated 25 September 2015 and executed by Wise Manner Limited and Ms. Mang Ngai, details of which were set out in the prospectus of the Company dated 29 September 2015 (the “**Prospectus**”), has been fully complied with and enforced for the year ended 31 March 2021. The Board also confirms that there are no other matter in relation to the aforesaid non-competition undertaking and deed of non-competition which should be brought to the attention of the Shareholders and the potential investors.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group mainly carries out its businesses in Hong Kong. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations in Hong Kong during the year ended 31 March 2021.

ENVIRONMENTAL POLICY

The Group aims to protect the environment by minimising environmental adverse impacts in its daily operations, such as energy saving and recycling of office resources. The Group will continue to seek for better environmental practices and promote the right environmental attitudes within the organisation. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment during the year ended 31 March 2021.

RELATIONSHIPS WITH STAKEHOLDERS

The Group recognises its employees as one of the valuable assets of the Group and the Group strictly complies with the labour laws and regulations in Hong Kong and regularly reviews the existing staff benefits for improvement during the year ended 31 March 2021. Apart from the reasonable remuneration packages, the Group also offers other employee benefits, such as medical insurance, etc.

The Group provides good quality services to the customers and maintains a good relationship with them. The Group keeps a database for direct communications with recurring customers for developing long-term business relationships.

The Group also maintains effective communication and develops a long-term trust relationship with its suppliers. During the year ended 31 March 2021, there was no material dispute or disagreement between the Group and its suppliers.

DIVIDENDS

On 18 November 2020, the Board resolved to approve an interim dividend of HK\$0.0068 per ordinary share for the six months ended 30 September 2020. Total dividend of approximately HK\$9,497,000 was paid out, including dividend paid to the shares held under the Share Award Scheme.

The Board recommends the payment of a final dividend of HK\$0.0358 per share in the form of cash in respect of the Reporting Period, amounting to a total dividend of approximately HK\$50.0 million to Shareholders whose names appear on the register of members of the Company on Monday, 20 September 2021 (record date). Subject to approval of the Shareholders at the annual general meeting of the Company to be held on Thursday, 9 September 2021 (“AGM”), it is expected that the final dividend will be paid to the eligible Shareholders on or around Thursday, 30 September 2021. This proposed dividend is not reflected as a dividend payable in the consolidated financial statements, but reflected as an appropriation of retained earnings for the year ended 31 March 2021.

CLOSURE OF REGISTER OF MEMBERS

- (a) For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM expected to be held on Thursday, 9 September 2021, the register of members of the Company will be closed from Monday, 6 September 2021 to Thursday, 9 September 2021, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company’s Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30 p.m. on Friday, 3 September 2021.
- (b) For the purpose of determining the Shareholders who qualify for the final dividend, the register of members of the Company will be closed from Thursday, 16 September 2021 to Monday, 20 September 2021, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company’s Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, not later than 4:30 p.m. on Wednesday, 15 September 2021.

ANNUAL GENERAL MEETING

The AGM will be held on Thursday, 9 September 2021 and the notice of the AGM will be published and despatched in the manner as required by the Listing Rules and the Company’s memorandum and articles of association in due course.

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, reappointment 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.

As at the date of this announcement, the Audit Committee consisted of members, namely Mr. Chang Eric Jackson (chairman of the Audit Committee), Mr. Chen Cheng-Lien (also known as Chen Cheng-Lang and Chen Stanley), Mr. Liu Chun (appointed on 22 April 2020), 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 Audit Committee has reviewed this announcement, including the audited consolidated results of the Group for the year ended 31 March 2021.

SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 March 2021 as set out in this announcement have been agreed by the Group’s auditor, Grant Thornton Hong Kong Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on this announcement.

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

Hong Kong, 24 June 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.