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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 2022

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 2022 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 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	4	309,065	426,551
Cost of sales/services	6	(136,345)	(181,078)
Gross profit		172,720	245,473
Other gains, net	5	38,630	82,997
Selling expenses	6	(3,455)	(5,356)
General and administrative expenses	6	(78,532)	(100,729)
Expected credit loss of receivables, net	6	(20)	(2,531)
Operating profit		129,343	219,854
Finance income	8	93	10
Finance costs	8	(8,900)	(2,072)
Finance costs, net		(8,807)	(2,062)

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before income tax		120,536	217,792
Income tax expense	9	<u>(10,761)</u>	<u>(16,994)</u>
Profit for the year		109,775	200,798
Other comprehensive income, including reclassification adjustments			
Exchange differences on translation of foreign operations		<u>13</u>	<u>–</u>
Other comprehensive income for the year, including reclassification adjustments		<u>13</u>	<u>–</u>
Total comprehensive income attributable to the owners of the Company for the year		<u>109,788</u>	<u>200,798</u>
Earnings per share attributable to owners of the Company (<i>expressed in HK cents per share</i>)			
– Basic	11.1	7.94	15.06
– Diluted	11.2	<u>7.90</u>	<u>15.00</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	3,398	2,308
Right-of-use assets		9,349	9,754
Intangible assets		12,248	12,248
Goodwill	20	7,921	7,658
Deferred tax assets		294	312
Deposits	14	1,377	1,716
Financial assets at fair value through profit or loss	13	200,451	190,570
		235,038	224,566
Current assets			
Trade and other receivables, prepayments and deposits	14	227,531	211,309
Loan and interest receivables	15	166,633	92,701
Income tax recoverable		–	110
Bank balances – trust		130,942	43,033
Cash and cash equivalents		154,636	56,222
		679,742	403,375
Current liabilities			
Trade and other payables	17	160,281	78,936
Promissory notes		25,000	22,376
Bank borrowing	18	80,000	–
Bonds payable	19	13,000	–
Lease liabilities		6,453	5,665
Income tax payable		20,075	9,336
		304,809	116,313
Net current assets		374,933	287,062
Total assets less current liabilities		609,971	511,628

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		3,560	4,821
Trade and other payables	17	250	250
Bonds payable	19	80,000	6,000
		<u>83,810</u>	<u>11,071</u>
Net assets		<u>526,161</u>	<u>500,557</u>
Equity			
Share capital	16	14,301	13,966
Other reserves		250,319	271,015
Retained earnings		261,541	215,576
Total equity		<u>526,161</u>	<u>500,557</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Other reserves							
	Share capital <i>HK\$'000</i>	Share premium* <i>HK\$'000</i>	Share options reserve* <i>HK\$'000</i>	Share held for share award scheme* <i>HK\$'000</i>	Translation reserve* <i>HK\$'000</i>	Capital reserve* <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance as at 1 April 2020	<u>12,142</u>	<u>121,035</u>	<u>7,552</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>24,275</u>	<u>165,014</u>
Profit for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,798</u>	<u>200,798</u>
Profit and total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,798</u>	<u>200,798</u>
Share-based payments	-	-	31,961	-	-	-	-	31,961
Acquisition of shares under Share Award Scheme <i>(note (a))</i>	-	-	-	(17,255)	-	-	-	(17,255)
Issuance of shares under Share Option Scheme	1,069	82,836	(14,717)	-	-	-	-	69,188
Issuance of shares under Share Subscription	755	59,593	-	-	-	-	-	60,348
2020 interim dividend paid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,497)</u>	<u>(9,497)</u>
Transactions with owners	<u>1,824</u>	<u>142,429</u>	<u>17,244</u>	<u>(17,255)</u>	<u>-</u>	<u>-</u>	<u>(9,497)</u>	<u>134,745</u>

	Other reserves							
	Share capital HK\$'000	Share premium* HK\$'000	Share options reserve* HK\$'000	Share held for share award scheme* HK\$'000	Translation reserve* HK\$'000	Capital reserve* HK\$'000	Retained earnings HK\$'000	Total equity HK\$'000
Balance as at 31 March 2021 and 1 April 2021	13,966	263,464	24,796	(17,255)	-	10	215,576	500,557
Profit for the year	-	-	-	-	-	-	109,775	109,775
Other comprehensive income for the year	-	-	-	-	13	-	-	13
Profit and total comprehensive income for the year	-	-	-	-	13	-	109,775	109,788
Acquisition of shares under Share Award Scheme (note (a))	-	-	-	(98,778)	-	-	-	(98,778)
Shares granted under Share Award Scheme (note (a))	-	282	-	373	-	-	-	655
Issuance of shares under Share Option Scheme	335	90,988	(13,574)	-	-	-	-	77,749
2021 interim and final dividend paid	-	-	-	-	-	-	(63,810)	(63,810)
Transactions with owners	335	91,270	(13,574)	(98,405)	-	-	(63,810)	(84,184)
Balance as at 31 March 2022	14,301	354,734	11,222	(115,660)	13	10	261,541	526,161

Note:

- (a) During the year ended 31 March 2022, the Company contributed approximately HK\$98,778,000 (2021: HK\$17,255,000) at an average price of HK\$2.57 (2021: HK\$1.407) per share for repurchase of 38,415,000 (2021: 12,260,000) ordinary shares which are currently held under the share award scheme adopted on 8 September 2020 (the “**Share Award Scheme**”). During the year ended 31 March 2022, a total of 202,000 shares were granted to the eligible persons pursuant to the Share Award Scheme. No share award has been granted from this Share Award Scheme as of 31 March 2021.

* Other reserves comprise the Group’s reserve of HK\$250,319,000 (2021: HK\$271,015,000) in the consolidated statement of financial position.

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 Unit 2902, Vertical Square, 28 Heung Yip Road, Wong Chuk Hang, Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Company is an investment holding company and its subsidiaries (together the “**Group**”) are principally engaged in (i) provision of financial services of licensed businesses including financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; and investment management and advisory services to customers; (ii) provision of money lending services to customers; (iii) sales of apparel products with the provision of supply chain management total solutions to customers; and (iv) provision of enterprise solutions services. During the year ended 31 March 2022, certain subsidiaries started the operations and provided global identity planning and wealth inheritance consultancy services. In addition, the Group acquired ONE Advisory Limited (“**ONE Advisory**”) (previously known as Utop Advisory Limited), which is engaged in provision of global identity planning consulting services, in September 2021.

Asset management services were provided during the year ended 31 March 2021. The Group ceased to provide asset management services after deconsolidation of a sole subsidiary in provision of such services during the year ended 31 March 2021.

The immediate holding company and ultimate holding company of the Company is DA Wolf Investments I Limited (“**DA Wolf**”), a company incorporated in the British Virgin Islands (“**BVI**”).

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

The consolidated financial statements for the year ended 31 March 2022 were approved for issue by the board of Directors on 23 June 2022.

2. 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 HKFRSs, 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 (“**financial assets at FVTPL**”) which are stated at fair value.

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 2021

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 2021:

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

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.

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

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

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

³ Effective date not yet determined

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

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. In the current year, the presentation of reportable segments of the Group are revised as the CODM believes the current reportable segments could provide better summary to them in reviewing the Group’s operating performance and making decision in resource allocation. Accordingly, the comparative figures of the reportable segments have been re-presented for the purpose of presenting segment information.

The Group has identified the following reportable and operating segments for the year ended 31 March 2022:

- Financial services of licensed business – provision of financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services; and investment management and advisory services to the customers;
- Money lending services – provision of equity pledge financing services and money lending services to the customers;
- Sales of apparel products – sales of apparel products with the provision of supply chain management total solutions to customers;
- Enterprise solutions services – provision of global identity planning and wealth inheritance consultancy services, and other business consultancy services. During the year ended 31 March 2022, certain subsidiaries started the operations and provided consultancy services. In addition, the Group acquired ONE Advisory, which is engaged in provision for global identity planning consulting services, in September 2021; and
- Assets management services – provision of asset management services was identified as a reportable and operating segment for the year ended 31 March 2021. There is no such segment during the year ended 31 March 2022 as a result of deconsolidation of the sole subsidiary in provision of asset management services during the year ended 31 March 2021.

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

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

Revenue and expenses are allocated to the reportable segments with reference to the revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation, bank interest income, finance costs, expected credit loss (“ECL”) of trade and other receivables, ECL of loan and interest receivables of assets, net loss on deconsolidation of a subsidiary, net gains on disposals of financial assets at FVTPL (related to segment of assets management services and segment of sales of apparel products), net fair value gains on financial asset at FVTPL (related to segment of sales of apparel products, segment of financial services of licensed business and segment of asset management services). Changes in fair value of financial assets at FVTPL (excluding financial assets at FVTPL in reportable and operating segments) and certain finance costs, certain bank interest income, 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 certain corporate assets.

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

	2022 <i>HK\$'000</i>	2021 <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>)	141,352	288,218
– Sales of apparel products	130,381	133,475
– Provision of enterprise solutions services	22,290	–
	<u>294,023</u>	<u>421,693</u>
Revenue from other source		
– Provision of money lending services	15,042	4,858
	<u>309,065</u>	<u>426,551</u>
Disaggregated by timing of revenue recognition under HKFRS 15		
– Services provided over time	53,777	110,174
– Services provided at a point in time	109,865	178,044
– Goods transferred at a point in time	130,381	133,475
	<u>294,023</u>	<u>421,693</u>
Revenue from other source		
– Interest income from provision of money lending services	15,042	4,858
	<u>309,065</u>	<u>426,551</u>

Note (a):

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from provision of financial services of licensed business		
Service fee income from financial advisory services and investment management services	122,918	281,195
Commission and brokerage arising on securities dealing	18,434	7,023
	<u>141,352</u>	<u>288,218</u>

The segment information provided to the CODM for the reportable segments for the year ended 31 March 2022 is as follows:

	Financial services of licensed business HK\$'000	Money lending services HK\$'000	Sales of apparel products HK\$'000	Enterprise solutions services HK\$'000	Inter- company elimination HK\$'000	Total HK\$'000
Revenue						
– From external customers	141,352	15,042	130,381	22,290	–	309,065
– Inter-segment revenue	1,069	–	–	–	(1,069)	–
Reportable segment revenue	142,421	15,042	130,381	22,290	(1,069)	309,065
Reportable segment profit/(loss)	72,955	12,764	(30)	11,780	(1,753)	95,716
Bank interest income						69
Unallocated other gains, net						
– Net gains on disposals of financial assets at FVTPL						1,361
– Net fair value gains on financial assets at FVTPL						34,780
Corporate and other unallocated expenses including depreciation of right-of-use assets of HK\$2,505,000						(5,816)
Finance costs						(5,574)
Profit before income tax						120,536
Other information:						
Net gains/(losses) on disposals of financial assets at FVTPL	2,609	–	–	(897)	–	1,712
Net fair value gains on financial assets at FVTPL	54	–	–	–	–	54
Bank interest income	23	–	–	1	–	24
Depreciation of property, plant and equipment	(1,081)	–	(46)	(7)	–	(1,134)
Depreciation of right-of-use assets (Provision for)/reversal of ECL on	(1,505)	(135)	(2,360)	–	–	(4,000)
– trade and other receivables	(270)	–	–	–	–	(270)
– loan and interest receivables	–	250	–	–	–	250
Finance costs	(2,373)	(843)	(110)	–	–	(3,326)
Income tax expense	(6,738)	(2,064)	(18)	(1,941)	–	(10,761)

	Financial services of licensed business <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Sales of apparel products <i>HK\$'000</i>	Enterprise solutions services <i>HK\$'000</i>	Inter- company elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 31 March 2022						
Reportable segment assets	410,010	176,650	63,536	59,904	(288,015)	422,085
Unallocated						<u>492,695</u>
Total assets						<u><u>914,780</u></u>
Reportable segment liabilities	234,806	154,411	18,247	22,245	(203,852)	225,857
Unallocated						<u>162,762</u>
Total liabilities						<u><u>388,619</u></u>
Additions to non-current assets	2,129	11	18	340	–	<u><u>2,498</u></u>
Balance at 31 March 2021 (Restated)						
Reportable segment assets	310,585	94,486	92,735	–	(263,287)	234,519
Unallocated						<u>393,422</u>
Total assets						<u><u>627,941</u></u>
Reportable segment liabilities	74,514	82,947	27,398	–	(114,721)	70,138
Unallocated						<u>57,246</u>
Total liabilities						<u><u>127,384</u></u>
Additions to non-current assets	11,108	254	4,767	–	–	<u><u>16,129</u></u>

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
Unallocated other gains, net						
– Gain on disposals of financial assets at FVTPL						138
– Fair value gains on financial assets at FVTPL						37,605
Corporate and other unallocated expenses including depreciation of right-of-use assets of HK\$887,000						(44,314)
Finance costs						(466)
Profit before income tax						217,792
Other information:						
Net gains/(losses) on disposals of financial assets at FVTPL	–	–	19,534	(4,725)	–	14,809
Net fair value gains 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)
Provision for ECL on						
– 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 on deconsolidation of a subsidiary	–	–	(696)	–	–	(696)
Income tax expense	(8,652)	(673)	(7,280)	(389)	–	(16,994)

Revenue from external customers is analysed by region as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from provision of financial services of licensed business:		
– Hong Kong	99,435	159,632
– Cayman Islands	41,917	128,586
	<u>141,352</u>	<u>288,218</u>
Revenue from provision of money lending services:		
– Hong Kong	15,042	4,858
Revenue from sales of apparel products:		
– Europe	66,823	78,640
– America	55,331	42,918
– Middle East	6,476	5,886
– Asia Pacific (including Hong Kong)	1,751	6,031
	<u>130,381</u>	<u>133,475</u>
Revenue from provision of enterprise solutions services:		
– Hong Kong	18,061	–
– PRC	4,229	–
	<u>22,290</u>	<u>–</u>
	<u><u>309,065</u></u>	<u><u>426,551</u></u>

Geographical information

The geographical location of customers is based on the location at which the services were provided or the goods were 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, Singapore and PRC.

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

	Specified non-current assets	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Hong Kong	31,542	30,625
Singapore	1,347	1,343
PRC	27	–
	<u>32,916</u>	<u>31,968</u>

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

	2022 HK\$'000	2021 HK\$'000
Customer A	52,713	48,373
Customer B	N/A*	124,333

Note: During the year ended 31 March 2022, revenue from customer A and B of the Group's segment of sales of apparel products and segment of financial services of licensed business amounted to approximately HK\$52,713,000 (2021: HK\$48,373,000) and HK\$19,256,000 (2021: HK\$124,333,000), respectively, which represented approximately 17% (2021: 11%) and 6% (2021: 29%), 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 March 2022.

Liabilities related to contracts with customers

The consideration received in advance as prepayments from customers amounting to HK\$1,666,000 (2021: HK\$6,717,000) is for financial advisory service; consideration received in advance as prepayments from customers amounting to HK\$4,796,000 (2021: HK\$6,204,000) is for investment management service and consideration received in advance as prepayments from customers amounting to HK\$302,000 (2021: HK\$1,621,000) is for sales of apparel products. The contract liabilities of HK\$6,764,000 (2021: HK\$14,542,000) are regarded as short term as the respective revenue is expected to be recognised in its normal operating cycle.

The significant decrease of contract liabilities as at 31 March 2022 is mainly due to decrease in advance payments received as a result of a shortened amortisation schedule.

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

	2022 HK\$'000	2021 HK\$'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	14,542	2,112

5. OTHER GAINS, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net gains on disposals of financial assets at FVTPL	3,073	14,947
Net fair value gains on financial assets at FVTPL	34,834	63,348
Net loss on deconsolidation of a subsidiary	–	(696)
Dividend income from financial assets at FVTPL	9	1,614
Government grants (<i>note</i>)	309	2,199
Net foreign exchange gain	66	1,423
Others	339	162
	<u>38,630</u>	<u>82,997</u>

Note: During the year ended 31 March 2022

Being (i) grants received from Monetary Authority of Singapore (“MAS”) under the Financial Sector Development Fund (FSDF) to co-fund qualifying expenses paid to Singapore-based service providers for work done in Singapore in relation to the incorporation or registration of a Variable Capital Company, (ii) grants received from Job-Support Scheme to support COVID-19 epidemic launched by the Ministry of Manpower of Singapore, (iii) grants received from the Inland Revenue Authority of Singapore to support employers to expand local hiring, and (iv) grants received from the HK Financial Services Development Council to cope with the challenge facing by university graduates in finding work under the pandemic.

During the year ended 31 March 2021

Being 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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Accountancy fee	–	271
Agency fee	–	429
Advertising expenses	215	–
Administrative fees	–	236
Auditors' remuneration		
– Audit services	1,342	1,100
Consultancy fees	9,265	10,208
Bad debt written off	315	–
Cost of goods sold	109,863	114,636
Cost of services	24,296	64,023
Depreciation of property, plant and equipment (<i>note 12</i>)	1,134	939
Depreciation of right-of-use assets	6,505	5,791
Donations	230	–
Entertainment	5,579	6,256
Graphic design	313	6
Provision for ECL on trade receivables	270	756
(Reversal of)/provision for ECL on loan and interest receivables, net	(250)	1,775
ECL on receivables, net	20	2,531
Employee benefit expenses (<i>note 7</i>)	41,797	64,188
Incentive fee	–	175
Insurance	655	561
Legal and professional fees	5,665	4,587
License expenses	48	2,070
Marketing fees	359	149
Motor vehicles expenses	318	261
Postage and courier	343	309
Printing and stationary	412	562
Sales commission	109	1,465
Short-term leases/low-value leases in respect of		
– office	16	72
– car park	–	245
Share options granted to eligible participants other than directors and employees	–	610
Sponsorship fee	100	300
Travelling expenses	877	1,198
Other expenses	8,576	6,516
Total cost of sales/services, selling expenses, general and administrative expenses and ECL of receivables, net	<u>218,352</u>	<u>289,694</u>

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Salaries, bonus and other short-term employee benefits	40,218	32,069
Share options granted to employees and directors	–	31,351
Share award granted to employees	656	–
Reversal of provision for unutilised annual leave	(224)	(143)
Pension costs – defined contribution plans (<i>note</i>)	1,147	911
	<u>41,797</u>	<u>64,188</u>

Note: At 31 March 2021 and 2022, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

8. FINANCE COSTS, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Finance income		
Bank interest income	93	10
Finance costs		
Interest expenses on bank borrowing	(2,373)	(18)
Interest expenses on lease liabilities	(266)	(233)
Interest expenses on bonds payable	(5,418)	(84)
Interest expenses on brokerage services	–	(751)
Interest expenses on other payables	–	(645)
Interest expenses on promissory notes	(843)	(341)
	<u>(8,900)</u>	<u>(2,072)</u>
Finance costs, net	<u>(8,807)</u>	<u>(2,062)</u>

9. INCOME TAX EXPENSE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
– Hong Kong	10,690	16,474
– People's Republic of China (“PRC”)	53	–
	10,743	16,474
Deferred tax		
– Hong Kong	18	520
Total	10,761	16,994

Hong Kong

For the subsidiaries of the Group in Hong Kong, 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% (2021: 8.25%), and profits above HK\$2 million will be taxed at 16.5% (2021: 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% (2021: 16.5%).

Cayman Islands and BVI

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

Singapore

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

PRC

For the subsidiaries of the Group in the PRC, under the 《國家稅務總局關於小型微利企業所得稅優惠政策》, for the portion of profit less than RMB1 million, 25% of the profit will be taxed at 20% and profits within the range of RMB1 million to RMB3 million, 50% of the profit will be taxed at 20%.

10. DIVIDENDS

(a) Dividends attributable to the year

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
2022 interim dividends declared of HK1.04 cents (2021: HK0.68 cents) per share	<u>14,350</u>	<u>9,497</u>
Proposed 2022 final dividend of HK1.40 cents (2021: HK3.58 cents) per share	<u>20,022</u>	<u>49,460</u>

The final dividend in respect of the year ended 31 March 2022 of HK\$0.014 per share, amounting to a total dividend of approximately HK\$20,022,000 was resolved by the Board to propose on 23 June 2022. In addition, the Board proposed a bonus issue of shares on the basis of one bonus share for every sixty existing shares held by qualifying shareholders whose names appear on the register of members of the Company on 29 September 2022. The proposed final dividend and bonus issue is subject to the shareholders' approval at the forthcoming annual general meeting of the Company to be held on 20 September 2022.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, of HK3.58 cents (2021: nil) per share	<u>49,460</u>	<u>–</u>

The final dividend in respect of the year ended 31 March 2021 of HK\$0.0358 per share, amounting to a total dividend of HK\$49,460,000 was paid out during the year ended 31 March 2022.

11. EARNINGS PER SHARE

11.1 Basic

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

	2022	2021
Profit attributable to owners of the Company (<i>HK\$'000</i>)	109,775	200,798
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	<u>1,383,012,808</u>	<u>1,333,287,860</u>
Basic earnings per share (<i>HK cents per share</i>)	<u>7.94</u>	<u>15.06</u>

11.2 Diluted

	2022	2021
Profit attributable to owners of the Company (<i>HK\$'000</i>)	109,775	200,798
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,383,012,808	1,333,287,860
Effect of dilutive potential ordinary shares		
– Share options	<u>6,135,178</u>	<u>5,685,454</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,389,147,986</u>	<u>1,338,973,314</u>
Diluted earnings per share (<i>HK cents per share</i>)	<u><u>7.90</u></u>	<u><u>15.00</u></u>

Note: The calculation of the basic earnings per share amount is based on profit for the year attributable to ordinary equity holders of the Company of HK\$109,775,000 (2021: HK\$200,798,000) and the weighted average number of ordinary shares of 1,383,012,808 (2021: 1,333,287,860) in issue during the year as adjusted to exclude the shares held under the share award scheme.

The calculation of the diluted earnings per share for the years ended 31 March 2022 and 2021 are 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 and excluded the shares held under the share award scheme, 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.

12. 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 2021						
Opening net book value	1,562	566	35	104	157	2,424
Acquisition through business combinations (<i>note 20</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>
Year ended 31 March 2022						
Opening net book value	1,546	602	41	119	-	2,308
Acquisition through business combinations (<i>note 20</i>)	-	-	40	-	-	40
Additions	1,361	189	27	607	-	2,184
Depreciation	(751)	(215)	(37)	(131)	-	(1,134)
Closing net book value	<u>2,156</u>	<u>576</u>	<u>71</u>	<u>595</u>	<u>-</u>	<u>3,398</u>
At 31 March 2022						
Cost	6,827	1,174	1,050	976	1,030	11,057
Accumulated depreciation	(4,671)	(598)	(979)	(381)	(1,030)	(7,659)
Net book value	<u>2,156</u>	<u>576</u>	<u>71</u>	<u>595</u>	<u>-</u>	<u>3,398</u>

Depreciation expenses of approximately HK\$1,134,000 (2021: HK\$939,000) have been charged to the general and administrative expenses for the year ended 31 March 2022.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current portion			
Listed securities			
Equity securities – Hong Kong		314	260
Non-listed securities			
Investment fund	(i)	89,432	119,106
Equity investment – outside Hong Kong	(ii)	110,705	71,204
		200,451	190,570

Notes:

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

14. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gross trade receivables (excluding margin receivables and receivables from investment management services, financial advisory services and enterprise solutions services)	12,712	27,854
Gross trade receivables – investment management services	26,479	130,489
Gross trade receivables – margin receivables (<i>note (a)</i>)	151,114	33,399
Gross trade receivables – financial advisory services	10,448	11,336
Gross trade receivables – enterprise solutions services	11,738	–
	212,491	203,078
Less: Provision for expected credit loss	(666)	(756)
Trade receivables, net of provision	211,825	202,322
Payment in advance to suppliers	1,584	2,232
Deposits	2,034	1,716
Prepayments	1,507	1,496
Amounts due from related parties (<i>note (b)</i>)	14	1,365
Other receivables and deposits (<i>note (c)</i>)	11,944	3,894
Total trade and other receivables, prepayments and deposits	228,908	213,025
Less: Non-current portion		
Long-term portion of deposits	(1,377)	(1,716)
	227,531	211,309

Notes:

- (a) Margin receivables are secured by the client's pledged securities with undiscounted market value of approximately HK\$711,723,000 as at 31 March 2022 (2021: HK\$176,678,000) which can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. Trade receivables from margin clients are repayable on demand and bear interest at commercial rates. The Group repledged approximately HK\$209,600,000 of the collateral from margin clients to secure the Group's loan facility related to bank borrowing during the year ended 31 March 2022 (2021: nil).
- (b) As at 31 March 2022, the amount due from a related party amounting to HK\$14,000 (2021: HK\$1,365,000) is unsecured, interest-free and repayable on demand.
- (c) As at 31 March 2022, other receivables and deposits include HK\$10,043,000 (2021: nil) in relation to the redemption of 8,200 units of unlisted investment fund.

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

The settlement terms of trade receivables, except for secured margin clients, arising from the business of dealing in securities are two days after trade date. In addition, the settlement terms of Hong Kong Securities Clearing Company Limited are two days after trade date. For the remaining trade receivables, the Group allows an average credit period of 90 days (2021: 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 2022 and 2021, the aging analysis of trade receivables net ECL allowance of HK\$666,000 (2021: HK\$756,000) (except margin receivables) based on invoice date is as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
1 to 30 days	13,003	147,833
31 to 60 days	894	10,687
61 to 90 days	13,048	1,474
Over 90 days	33,766	8,929
	<u>60,711</u>	<u>168,923</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. For margin receivables, the Group applied the general approach in calculating ECL and recognise an ECL allowance based on lifetime ECL at each reporting date. Margin receivables have been grouped based on the shortfall of loan balances over the respective collateral amounts and the days past due.

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

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Balance at 1 April	756	–
ECL allowance for the year	270	756
Written off during the year	<u>(360)</u>	<u>–</u>
Balance at 31 March	<u>666</u>	<u>756</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
– Denominated in United States dollars (“US\$”)	39,453	29,208
– Denominated in HK\$	186,769	183,556
– Denominated in Renminbi (“RMB”)	2,652	200
– Denominated in Singapore dollars (“SG\$”)	<u>34</u>	<u>61</u>
	<u>228,908</u>	<u>213,025</u>

15. LOAN AND INTEREST RECEIVABLES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan receivables	161,409	92,781
Less: Provision for ECL on loan receivables – Stage 1	<u>(1,619)</u>	<u>(1,896)</u>
Loan receivables, net of provision	<u>159,790</u>	<u>90,885</u>
Interest receivables	6,912	1,858
Less: Provision for ECL on interest receivables – Stage 1	<u>(69)</u>	<u>(42)</u>
Interest receivables, net of provision	<u>6,843</u>	<u>1,816</u>
	<u>166,633</u>	<u>92,701</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan receivables		
Neither past due nor impaired		
– Secured	1,154	–
– Unsecured	158,636	90,885
	<u>159,790</u>	<u>90,885</u>
Interest receivables		
Neither past due nor impaired		
– Secured	1	–
– Unsecured	6,842	1,816
	<u>6,843</u>	<u>1,816</u>
	<u>166,633</u>	<u>92,701</u>

The secured loans were secured by the shares of certain companies incorporated in BVI.

The carrying amounts of the loan and interest receivables are denominated in the following currencies:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
– Denominated in HK\$	150,037	80,684
– Denominated in US\$	16,596	–
– Denominated in RMB	–	12,017
	<u>166,633</u>	<u>92,701</u>

Loan receivables bear interest from 8.0% – 15.0% (2021: 8.0% – 20.0%) per annum and repayable in fixed terms agreed with customers. Interest receivables bear interest from 8.0% – 36.0% (2021: 8.0% – 36.0%) per annum for default interest and repayable in fixed terms agreed with customers.

As at 31 March 2021 and 2022, all loan and interest receivables based on the maturity date, are within one year.

The maximum exposure to credit risk at each of the reporting date is the carrying value of the loan and interest receivables mentioned above.

	Loan receivables	Interest receivables	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1 April 2020	31,740	604	32,344
New loans originated	86,263	4,539	90,802
Amounts recovered or repaid during the year	(25,800)	(2,870)	(28,670)
Transfer interest portion to loan portion	418	(418)	–
Reversal of ECL allowance on loan and interest receivables	160	3	163
ECL allowance under 12 month ECL (Stage 1) recognised during the year	(1,896)	(42)	(1,938)
	<u>90,885</u>	<u>1,816</u>	<u>92,701</u>
Balance at 31 March 2021 and 1 April 2021	90,885	1,816	92,701
New loans originated	208,346	14,886	223,232
Amounts recovered or repaid during the year	(139,748)	(9,802)	(149,550)
Transfer interest portion to loan portion	30	(30)	–
Reversal of ECL allowance on loan and interest receivables	1,603	32	1,635
ECL allowance under 12 month ECL (Stage 1) recognised during the year	(1,326)	(59)	(1,385)
	<u>159,790</u>	<u>6,843</u>	<u>166,633</u>
Balance at 31 March 2022	159,790	6,843	166,633

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

16. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000
Authorised share capital		
As at 1 April 2020, 31 March 2021, 1 April 2021 and 31 March 2022	10,000,000,000	100,000
Issued and fully paid		
As at 1 April 2020	1,214,145,000	12,142
Issuance of ordinary share under Share Option Scheme (<i>note (b)</i>)	106,976,000	1,069
Issuance of shares on 31 July 2020 (<i>note (c)</i>)	75,500,000	755
As at 31 March 2021 and 1 April 2021	1,396,621,000	13,966
Issuance of ordinary share under Share Option Scheme (<i>note (a)</i>)	33,500,000	335
As at 31 March 2022	1,430,121,000	14,301

Notes:

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

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

- (b) 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 the exercise of their options under the Share Option Scheme of the Company.
- (c) On 31 July 2020, the Company issued 75,500,000 ordinary shares at the subscription price of HK\$0.8 per share by way of share subscription. 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\$59,593,000 was credited to share premium account.

17. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables (<i>note (a)</i>)	11,963	9,964
Trade payables to securities brokerage clients (<i>note (b)</i>)	120,768	34,653
Contract liabilities (<i>note (e)</i>)	6,764	14,542
Provision for reinstatement cost	250	250
Accrued employee benefits expenses	1,196	357
Other payables (<i>note (c)</i>)	11,605	6,644
Amount due to clearing house	1,260	5,310
Broker payables	6,725	–
Amounts due to related parties (<i>note (d)</i>)	–	7,466
	<u>160,531</u>	<u>79,186</u>
Less: Non-current portion		
Provision for reinstatement cost	<u>(250)</u>	<u>(250)</u>
	<u><u>160,281</u></u>	<u><u>78,936</u></u>

Notes:

(a) Trade payables

The carrying amounts of trade and other payables approximated their fair values. The Group was granted by its suppliers with credit periods ranging from 30–90 days (2021: 30–60 days). Based on the invoice dates, the ageing analysis of the trade payables (excluding trade payables to securities brokerage clients) were as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
1 to 30 days	978	5,613
31 to 60 days	6,130	110
61 to 90 days	81	837
Over 90 days	4,774	3,404
	<u>11,963</u>	<u>9,964</u>

(b) Trade payables to securities brokerage clients

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables from the business of dealing in securities:		
– Trade payables – margin clients	66,816	26,020
– Trade payables – cash clients	53,952	8,633
	<u>120,768</u>	<u>34,653</u>

- (c) It mainly represents accruals of audit fee, consultancy fee, sales commission, interest payables and other operating expenses and amounts due to limited partnership funds.
- (d) The amounts due were unsecured, interest-free and repayable on demand.
- (e) The contract liabilities that is expected to be settled after more than one year is HK\$1,542,000 (2021: nil).

18. BANK BORROWING

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current bank borrowing	<u>80,000</u>	<u>–</u>

At 31 March 2022, the bank borrowing is repayable within 1 year with the interest rate of 2.3% per annum over HIBOR as determined by the bank for an interest period of 3 months on the first business day of such interest period. The average rate during the year ended 31 March 2022 was 2.74%. The exposure of the bank borrowing to interest rate changes and the contractual repricing dates as at 31 March 2022 were within 1 year.

At 31 March 2022, the bank borrowing is secured by corporate guarantee given by the Company.

The Group repledged approximately HK\$209,600,000 of the collateral from margin clients to secure the Group's loan facility related to bank borrowing during the year ended 31 March 2022 (2021: nil).

The carrying amount of the bank borrowing as at 31 March 2022 was denominated in HK\$ and approximated its fair value.

19. BONDS PAYABLE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bonds carried at fixed coupon rate of 5% per annum (<i>note (a)</i>)	6,000	6,000
Bonds carried at fixed coupon rate of 8% per annum (<i>note (b)</i>)	<u>87,000</u>	<u>–</u>
	93,000	6,000
Less: non-current portion	<u>(80,000)</u>	<u>(6,000)</u>
Current portion	<u>13,000</u>	<u>–</u>

Notes:

- (a) The Company issued 5% coupon unlisted bonds during the year ended 31 March 2021 with aggregate principal amount of HK\$6,000,000. The amounts are repayable within 84 months from the date of issue.
- (b) The Company issued 8% coupon unlisted bonds during the year ended 31 March 2022 with the aggregate principal amount of HK\$87,000,000 of which HK\$74,000,000 is repayable within 24 months from the date of issue and HK\$13,000,000 is repayable within 12 months from the date of issue respectively.

20. BUSINESS COMBINATIONS

Acquisitions of subsidiaries

Acquiree	Principal activities	Date of acquisition	Proportion of shares acquired	Consideration transferred
For the year ended 31 March 2022				
ONE Advisory	Provision for global identity planning consulting services	9 September 2021	100%	HK\$2,000,000
For the year ended 31 March 2021				
DL Family Office Pte. Ltd. (“ DL Family ”)	Provision of investment management services	5 February 2021	100%	SG\$1
Four Seasons Investment Management Limited (“ Four Seasons ”)	Provision of investment management services	4 January 2021	100%	HK\$2,218,000

ONE Advisory

On 9 September 2021, Instant Glad Investments Limited (“**Instant Glad**”), a wholly-owned subsidiary of the Company entered into share purchase agreement with an independent third party to acquire 100% equity interest in ONE Advisory at total consideration of HK\$2,000,000.

Instant Glad (i) acquired 100% of all the issued shares of ONE Advisory and (ii) accepted the assignment of the shareholders’ loans amounted to HK\$1,961,000.

ONE Advisory is principally engaged in provision for global identity planning consulting services. The acquisition of ONE Advisory is to develop its global identity planning and wealth inheritance consultancy services, constitutes a strategic upgrade for the long-term development of the Group and enhances its global business coverage and service capabilities.

Goodwill of approximately HK\$263,000 arose from expected future development of ONE Advisory’s business and improvement on market coverage.

The following table summarises the consideration paid for ONE Advisory and the fair value of assets and liabilities assumed at the acquisition date.

	Recognised values on acquisition HK\$'000
Property, plant and equipment	40
Trade and other receivables	1,143
Cash and cash equivalents	546
Other payables	(1,953)
	<hr/>
Net liabilities acquired	(224)
Assignment of shareholders' loans	1,961
Goodwill	263
	<hr/>
	2,000
	<hr/> <hr/>
Total purchase consideration settled in cash during the year	2,000
	<hr/> <hr/>
Net cash outflow arising on acquisition of ONE Advisory:	
Cash consideration paid	(2,000)
Cash and cash equivalents acquired	546
	<hr/>
	(1,454)
	<hr/> <hr/>

Impact of acquisition on the result of the Group

Included in the consolidated profit for the year ended 31 March 2022 is revenue of approximately HK\$1,288,000 and profit of approximately HK\$55,000 attributable to the additional business generated by ONE Advisory.

If the acquisition had occurred on 1 April 2021, the Group's revenue would have been approximately HK\$311,324,000 and profit before tax for the year would have been approximately HK\$121,446,000 for the year ended 31 March 2022. 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 2021, nor is it intended to be a projection of future results.

DL Family and Four Seasons

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.

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. The Group has acquired DL Family to further expand its assets management business. It is expected to have a synergistic effect. The goodwill of approximately HK\$1,335,000 arising from the acquisition is attributable to synergy and economics of scale expected for combining the operation of the Group and DL Family.

DL Family is a private company incorporated in Singapore and licensed by the MAS for commencement of investment management service as a Registered Fund Management Company 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 <i>HK\$'000</i>
Property, plant and equipment	9
Trade and other receivables	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 DL Family:	
Cash consideration paid	_*
Cash and cash equivalents acquired	6,490
	<hr/>
	6,490
	<hr/> <hr/>

Note:

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

* Amount less than HK\$1,000.

Four Seasons

On 4 January 2021, the Company entered into the agreement pursuant to which the Company has agreed to acquire the entire share capital of Four Seasons. Bestway Billion Investment Development Limited, 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. The Group has acquired Four Seasons to further expands its asset management business. It is expected to have a synergistic effect. The goodwill of approximately HK\$5,950,000 arising from the acquisition is attributable to synergy and economics of scale expected from combining the operations of the Group and Four Seasons.

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 on acquisition <i>HK\$'000</i>
Trade 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 Four Seasons:	
Cash consideration paid	(2,218)
Cash and cash equivalents acquired	149
	<hr/>
	(2,069)
	<hr/> <hr/>

Impact of acquisition on the result of the Group

Included in the consolidated profit for the year ended 31 March 2021 was 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 acquisition been completed on 1 April 2020, nor is it intended to be a projection of future results.

Deconsolidation of a subsidiary

Heritage Distress SP

On 9 April 2020, the Group acquired DJT Equity Series SPC (the “**Cayman Fund**”) and set up one 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 third party 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 the cost on initial recognition recorded as financial asset at FVTPL and is no longer consolidated in the financial statements of the Company as at 31 March 2021.

The following table summarises the net assets of the Cayman Fund reclassified during the year ended 31 March 2021 and the financial impacts are summarised as follows:

	2021 <i>HK\$'000</i>
Net assets reclassified:	
Financial assets at FVTPL	154,114
Other receivables	155
Cash and cash equivalents	25
Trade and other payables	(31,247)
Income tax liabilities	<u>(7,281)</u>
	115,766
Satisfied by:	
Financial assets at FVTPL	<u>115,070</u>
Net loss on deconsolidation of the Cayman Fund	<u>(696)</u>
Net cash outflow arising on deconsolidation of the Cayman Fund:	
Cash and cash equivalents reclassified	<u><u>(25)</u></u>

21. COMMITMENTS

21.1 Capital commitment

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contracted but not provided for Capital injection to limited partnership fund	<u>3,276</u>	<u>–</u>

21.2 Commitment as lessee

At the end of the reporting period, the lease commitment for low-value lease is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	64	–
In the second to fifth years	<u>16</u>	<u>–</u>
	<u>80</u>	<u>–</u>

The total future cash outflows for this lease amounting to HK\$80,000 (2021: nil) in aggregate which are included in the table above.

22. EVENTS AFTER THE REPORTING DATE

On 23 May 2022, one of the subsidiary of the Company, DL Asset Management entered into agreements with related companies, DL Global Holdings Limited and DL Family Office Limited, for the acquisition of 45% equity interest in DL Family Office (HK) Limited and 100% equity interest in Emerald Wealth Management Limited at the consideration of HK\$63,000,000 and HK\$15,000,000 respectively. Up to the reporting date, refundable deposits of HK\$6,300,000 and HK\$1,550,000 have been paid for the transactions respectively. The acquisitions had not yet been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 March 2022 (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; investment management and advisory services, and money lending services (the “**Financial Services Businesses**”) rapidly. During the Reporting Period, the Group acquired ONE Advisory Limited, previously known as Utop Advisory Limited, in order to develop its enterprise solutions services business. During the Reporting Period, the Group continued to operate in the legacy business of sales of apparel products with the provision of supply chain management total solutions to customers.

During the Reporting Period, the Group recorded a decrease in revenue by approximately 27.5% to approximately HK\$309.1 million (2021: HK\$426.6 million), a decrease in gross profit by approximately 29.6% to approximately HK\$172.7 million (2021: HK\$245.5 million), and a decrease in total comprehensive income attributable to the owners of the Company by approximately 45.3% to approximately HK\$109.8 million (2021: HK\$200.8 million).

Provision of financial services of licensed business

The financial services provided by the licensed business of the Group include financial advisory services; securities research services; securities trading and brokerage services; margin financing services; referral services 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 66% (2021: 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 2022, the Group has 348 (2021: 197) securities brokerage clients. During the Reporting Period, the transaction amount for the securities trading and brokerage services amounted to approximately HK\$11,382 million (2021: HK\$4,518 million). As at 31 March 2022, the total customer asset size for brokerage services amounted to approximately HK\$3,348 million (2021: 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 2022, the loan receivables from margin financing services amounted to approximately HK\$151.1 million (2021: 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. Following the acquisition of 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 2022, the assets under investment management and assets subject to investment advisory services of the Group were approximately HK\$2,886 million (2021: 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\$35.0 million (2021: HK\$128.6 million).

During the Reporting Period, the segment revenue for provision of financial services of licensed business was approximately HK\$141.4 million (2021: HK\$288.2 million) and segment profit was approximately HK\$73.0 million (2021: HK\$178.2 million).

The decrease in segment revenue and segment profit was attributable to the continuing adverse impact on the financial market by the COVID-19 pandemic, particularly on our investment management services by the decrease in assets under investment management and assets subject to investment advisory services leading to the decrease in service fees.

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\$15.0 million (2021: HK\$4.9 million) and segment profit was approximately HK\$12.8 million (2021: HK\$2.3 million). The increase in segment revenue and segment profit was attributable to an increase in loan and interest receivables from money lending services to approximately HK\$166.6 million as at 31 March 2022 (31 March 2021: HK\$92.7 million), resulting in an increase in interest received or accrued.

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

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

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, 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.

During the Reporting Period, the segment revenue for the Apparel Business decreased slightly to approximately HK\$130.4 million from approximately HK\$133.5 million for the year ended 31 March 2021, representing an a decrease of approximately 2.3% and the segment loss for the year ended 31 March 2022 reduced significantly from approximately HK\$5.5 million for the year ended 31 March 2021 to segment loss of approximately HK\$0.03 million for the year ended 31 March 2022. The Apparel Business remains challenging given the sluggish global business environment and fierce competition under COVID-19 outbreaks and international trade conflicts.

Provision of enterprise solutions services

The enterprise solutions services include provision of global identity planning and wealth inheritance consultancy services, and other business consultancy services provided to high net worth clients. During the Reporting Period, the enterprise solutions services business contributed segment revenue of approximately HK\$22.3 million and segment profit of approximately HK\$11.8 million.

FUTURE OUTLOOK

In view of the turbulent market conditions and uncertain risks on a worldwide scale, the Group is proactively pivoting to adapt to the economic environment and pursuing higher returns for all shareholders of the Company (the “**Shareholders**”). Despite the difficulties the Company encountered in the financial and garment industry, the Group has achieved satisfactory financial results and continued its business development. During the Reporting Period, to diversify the Group’s investment strategy, the Group has acquired an enterprise solutions service provider which provides full range of global identity consulting, wealth planning and succession services. The growth of the Group has also been seen by respectful professional partners which led to the signing of several cooperation agreements with well-known insurance company and other distributors.

Looking forward, the Group will be dedicated in the multi family office and investment strategy, reorganising all the resources with updated structure to fulfil the needs of high-net-worth-individuals and their family businesses. The Group has entered into legally binding agreements on acquisitions and investment in multi family office and insurance broker business, which will strongly enhance the Financial Services Businesses for the target clients. The new growth of revenue and client base will increase the amount of asset under management (“**AUM**”) and asset under advisory (“**AUA**”), as well as the number of clients. The Group estimates that with the growth of wealth in the Greater China Region, the demand of wealth management and family office services will significantly grow in the coming years, which requires more sophisticated and professional service providers with licenses and experience. The Group currently provides securities, cooperate finance, funds, alternative investments, asset management and identity planning services in Hong Kong, the People’s Republic of China (the “**PRC**”), Singapore and the US. Furthermore, institutional investors and wealthy families are keen to cooperate with the Group to diversify their investments given the Group’s competitive advantages. The Group’s real estate investment in the US has also achieved huge progress during the Reporting Period. Following the commencement of construction, this project will become an anchor investment and will help to attract more international investors and buyers which will eventually generate returns to the Group and all the Shareholders. With more talents joining the Group, the Group believes that the opportunities and market shares will grow naturally and rapidly which will make the Group a leading multi family office and investment platform in Asia Pacific.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group reported revenue of approximately HK\$309.1 million, representing a decrease of approximately 27.5% from approximately HK\$426.6 million for the year ended 31 March 2021. The decrease in revenue was mainly attributable to the decrease in revenue from the provision of financial services of licensed business of approximately HK\$146.9 million and partly offset by the increase in revenue generated from the money lending services of approximately HK\$10.2 million and revenue generated from the enterprise solutions services of approximately HK\$22.3 million.

During the Reporting Period, the provision of financial services of licensed business, money lending business, the Apparel Business and the enterprise solution business contributed segment revenue of approximately HK\$141.4 million (2021: HK\$288.2 million), HK\$15.0 million (2021: HK\$4.9 million), HK\$130.4 million (2021: HK\$133.5 million) and HK\$22.3 million (2021: nil) respectively, and the provision of financial services of licensed business remains the major revenue contributor during the Reporting Period.

During the Reporting Period, the segment revenue of the provision of financial services of licensed business decreased to approximately HK\$141.4 million from approximately HK\$288.2 million for the year ended 31 March 2021, which represents a decrease of approximately 51.0%. It was mainly attributable to the decrease in revenue from our investment management services, as a result of the deteriorating market conditions, leading to the decrease in AUM and AUA and the corresponding decrease in service fees.

During the Reporting Period, the segment revenue of the money lending services increased to approximately HK\$15.0 million from approximately HK\$4.9 million for the year ended 31 March 2021, which represents an increase of approximately 209.6%. It was mainly attributable to the increase in the size of loan and interest receivables.

During the Reporting Period, the segment revenue for the Apparel Business decreased to approximately HK\$130.4 million from approximately HK\$133.5 million for the year ended 31 March 2021, representing a decrease of approximately 2.3% and segment loss was approximately HK\$0.03 million (2021: HK\$5.5 million). The significant reduction of segment loss in the Apparel Business was mainly attributable to (i) no loss on sale of equity securities for the year ended 31 March 2022 was recorded, while approximately HK\$4.7 million loss on sale of equity securities for the year ended 31 March 2021 was recorded; (ii) the decrease in revenue was less than the decrease of expenses as a result of a series of cost control measurement.

During the Reporting Period, the segment revenue of enterprise solutions services amounted to approximately HK\$22.3 million and was attributable to the service fees generated consultancy services provided by the Group.

Cost of sales/services

The Group's cost of sales/services primarily consists of cost of goods sold from the Apparel Business and cost of services from the Financial Services Businesses. The cost of goods sold from the Apparel Business mainly consists of (i) fees charged by third-party manufacturers and (ii) cost of raw materials occasionally purchased by the Group and passed to third-party manufacturers for their production of salesman samples, and the costs of services from the Financial Services Businesses mainly consist of sub-referral fee to business vendors and expenses for placement projects. The cost of sales/services decreased to approximately HK\$136.3 million for the year ended 31 March 2022 from approximately HK\$181.1 million for the year ended 31 March 2021, representing a decrease of approximately 24.7%, which is in line with the decrease in revenue.

Gross profit and gross profit margins

The gross profit of the Group was approximately HK\$172.7 million for the year ended 31 March 2022 as compared with approximately HK\$245.5 million for the year ended 31 March 2021, which represents a decrease of 29.6%. During the Reporting Period, the Group's gross profit margin remained stable at 55.9% as compared to 57.5% for the year ended 31 March 2021.

Other gains, net

During the Reporting Period, the Group recorded net other gains of approximately HK\$38.6 million with respect to net other gains of approximately HK\$83.0 million for the year ended 31 March 2021, mainly comprising (i) net gains on disposals of financial assets at fair value through profit or loss due to the sales of listed equities of approximately HK\$3.1 million (2021: HK\$14.9 million) and (ii) the net fair value gains on financial assets at fair value through profit or loss of approximately HK\$34.8 million (2021: HK\$63.3 million).

Selling expenses

Selling expenses are mainly incurred by the Apparel Business and 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\$3.5 million for the year ended 31 March 2022 from approximately HK\$5.4 million for the year ended 31 March 2021, representing a decrease of approximately 35.5% which was mainly attributable to the cost control measurements adopted in relation to the Apparel Business, in response to the adverse business environment.

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 decreased to approximately HK\$78.5 million for the year ended 31 March 2022 from approximately HK\$100.7 million for the year ended 31 March 2021, representing a decrease of approximately 22.0%. Such decrease was mainly due to the absence of share-based payment expenses upon granting of share options to eligible participants of approximately HK\$32.0 million incurred in the year ended 31 March 2021.

Finance costs

The overall finance cost increased from approximately HK\$2.1 million for the year ended 31 March 2021 to approximately HK\$8.9 million for the year ended 31 March 2022 which was mainly attributable to the Group's increased usage of debt financing instruments, including bank borrowing, corporate bonds and promissory notes.

As at 31 March 2022, the Group had (i) bank borrowing of approximately HK\$80.0 million with at a floating interest rate of 2.3% per annum over the Hong Kong Interbank Offered Rate (2021: nil); (ii) bonds payable of approximately HK\$93.0 million (2021: HK\$6.0 million); and (iii) promissory notes of approximately HK\$25.0 million (2021: HK\$22.4 million).

Profit and total comprehensive income attributable to owners of the Company

Total comprehensive income attributable to owners of the Company was approximately HK\$109.8 million for the year ended 31 March 2022, representing a decrease of approximately 45.3% from approximately HK\$200.8 million for the year ended 31 March 2021. The decrease was mainly attributable to the decrease of segment profits from the financial services of licensed business by approximately HK\$105.2 million and partly offset by the increase in segment profit in money lending business and reduction of segment loss in the Apparel Business.

LIQUIDITY AND FINANCIAL RESOURCES

For the year ended 31 March 2022, the Group mainly financed its operations with its own working capital, bank borrowing and proceeds from issuance of corporate bonds and promissory notes. As at 31 March 2022 and 2021, the Group had net current assets of approximately HK\$374.9 million and HK\$287.1 million respectively, including cash and cash equivalents of approximately HK\$154.6 million and HK\$56.2 million respectively. The Group's current ratio decreased from approximately 3.47 as at 31 March 2021 to approximately 2.23 as at 31 March 2022. Such decrease was mainly due to increase in current liabilities, particularly in trade and other payables, bank borrowing and bonds payable.

As at 31 March 2022, the Group has bank borrowing of approximately HK\$80.0 million at a floating interest rate of 2.3% per annum over the Hong Kong Interbank Offered Rate. The bank borrowing is denominated in Hong Kong Dollars and is repayable within one year and secured by corporate guarantee given by the Company.

During the year ended 31 March 2021, the Company completed the issuance of the interest-free promissory note in the aggregate principal amount of US\$3.5 million (equivalent to approximately HK\$27.3 million) to the target company, Carmel Reserve LLC, to satisfy part of the consideration pursuant to the Subscription Agreement (as defined in the section headed "Management Discussion and Analysis – Significant Investments" in this announcement). As at 31 March 2022, the promissory note has been fully repaid.

During the Reporting Period, the Group issued another six promissory notes to independent third-party subscribers. As at 31 March 2022, the aggregate principal amount of promissory notes issued by the Group amounted to approximately HK\$25.0 million, with fixed interest rates ranging from 3% to 9% per annum, which are denominated in Hong Kong Dollars and shall be repayable within one year.

As of 31 March 2022, the Group has unlisted coupon bonds in issue to independent third-party subscribers with an aggregate principal amount of HK\$93.0 million (2021: HK\$6.0 million). The unlisted bonds are denominated in Hong Kong Dollars and unsecured and not guaranteed. The coupon rate and maturity date of the unlisted coupon bonds issued by the Group as at 31 March 2022 are set out as follows:

Principal amount of the unlisted bonds	Maturity date	Coupon rate
(1) HK\$6 million	Within 84 months from the date of issue	5%
(2) HK\$74 million	Within 24 months from the date of issue	8%
(3) HK\$13 million	Within 12 months from the date of issue	8%

As at 31 March 2022 and 2021, the cash and cash equivalents of the Group were mainly held in United States dollars and Hong Kong dollars.

Details of changes in the Company's share capital are set out in note 15 to this announcement.

Gearing ratio is calculated by dividing total debts (including bank borrowing, bonds payable, promissory notes and lease liabilities) by total equity as at the end of the reporting period. The Group's gearing ratio increased from approximately 7.8% as at 31 March 2021 to approximately 39.5% as at 31 March 2022, which is mainly due to increase of the Group's debt financing.

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 and capital injection to a limited partnership fund. As at 31 March 2022, the Group has lease commitments for short-term lease of approximately HK\$80,000 (2021: nil) and the capital commitments of the Group amounted to approximately HK\$3.3 million (31 March 2021: nil).

CAPITAL STRUCTURE

The capital structure of the Group consists of (i) net cash and cash equivalents, (ii) equity attributable to owners of the Group, comprising issued capital and other reserves and (iii) other borrowings comprising corporate bonds, bank borrowing and promissory notes.

SIGNIFICANT INVESTMENTS

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

As at 31 March 2022, the Cayman Fund had one segregated portfolio (the "**Segregated Portfolio**") with expected fund size of HK\$120 million and the Group had subscribed for 100,000 participating shares of the Segregated Portfolio in the sum of HK\$100 million. As at 31 March 2022, the Group holds 64,800 participating shares in the Cayman Fund, representing approximately 97.0% of the participating shares of the Segregated Portfolio.

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

During the Reporting Period, the Group redeemed 21,500 participating shares in the Cayman Fund at approximately HK\$30.0 million. The amount includes a realised fair value gain of approximately HK\$1.4 million.

As at 31 March 2022, the fair value of the investment in the Cayman Fund amounted to approximately HK\$86.7 million (2021: HK\$119.1 million), which represents approximately 9.5% (2021: 19.0%) of the total assets of the Group as at 31 March 2022. No dividend was received from this investment by the Group during the Reporting Period. During the Reporting Period, there is a fair value loss of approximately HK\$3.7 million (2021: fair value gain 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 Xinrong (“**Ms. Jiang**”), the honorary chairman of the Board and the non-executive Director and Mr. Chen Ningdi, the Chairman, the executive Director and chief executive officer of the Company. As such, the Target Company is a connected person of the Company. Pursuant to the Subscription Agreement, the Target Company has conditionally agreed to issue and allot to the Subscriber, and the Subscriber has conditionally agreed to subscribe for, 27.06% of the interest in the Target Company as a class B member as enlarged by the subscription in two tranches at the consideration of US\$5,000,000 (equivalent to approximately HK\$39,000,000) which represents a post-money enterprise value of the Target Company of approximately US\$35,000,000 (equivalent to approximately HK\$273,000,000) (the “**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 2022, the fair value of the investment in the Target Company amounted to approximately HK\$110.7 million (2021: HK\$71.2 million), which represents approximately 12.1% of the total assets of the Group as at 31 March 2022. 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\$38.5 million (2021: 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 2022, 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 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital assets as at 31 March 2022. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant rules under the Rules Governing the Listing of Securities of the Stock Exchange (the “**Listing Rules**”) as and when appropriate.

CONTINGENT LIABILITIES

The Group did not have material contingent liabilities as at 31 March 2022 and 2021.

FOREIGN EXCHANGE EXPOSURE

The Group’s exposure to currency risk is primarily related to Renminbi, United States dollars, Singapore dollars and Canadian dollars. As at 31 March 2022 and 2021, foreign exchange risk on financial assets and liabilities denominated in the above-mentioned foreign currencies was insignificant to the Group. The Group currently does not undertake any foreign currency hedging and does not use any financial instrument for hedging purposes.

CHARGE ON GROUP ASSETS

As at 31 March 2022, the Group did not pledge any of its assets (31 March 2021: nil) as securities for any facilities granted to the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022 and 2021, the Group employed a total of 67 and 61 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 2022 and 2021, the Group’s total employee benefit expenses (including Directors’ emoluments) amounted to approximately HK\$41.8 million and HK\$64.2 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. The Group has also adopted a share option scheme and a share award scheme in which the employees of the Group are a category of eligible participants as incentive or reward for their contribution to the Group. The Group also provides appropriate staff training and development, so as enhance the Group’s sustainable development.

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 (“**Eligible Participant(s)**”).

During the year ended 31 March 2022, the Company did not grant any share options under the Share Option Scheme. As at 31 March 2022, the Company had 29,500,000 (31 March 2021: 63,000,000) share options 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 (HK) Limited, the trustee in accordance with the rules of the Share Award Scheme and the trust deed in relation thereto. The eligible participants of the Share Award Scheme include any employee (including without limitation any executive director) of any member of the Group, any non-executive director or proposed non-executive director (including independent non-executive director) of any member of the Group or any entity in which any member of the Group holds any equity interest (the “**Invested Entity**”), any supplier of goods or services to any member of the Group or any Invested Entity, any customer of the Group or any Invested Entity, any person or entity that provides or will provide research, development, consultancy, advisory services or other technological support to the Group or any Invested Entity, any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity, any other group or class of participants from time to time determined by the Directors as having contributed or may contribute by way of joint venture, business alliances, consultancy, advisory services or other business arrangements to the development and growth of the Group and any person or entity, who, at the sole determination of the Directors, has contributed to the Group.

During the year ended 31 March 2022, the Company has granted 202,000 shares under the Share Award Scheme. As at 31 March 2022, the Company had 50,473,000 Shares held under the Share Award Scheme (31 March 2021: 12,260,000 Shares). During the year ended 31 March 2022, the trustee of the Share Award Scheme, being a subsidiary of the Company, purchased on the Stock Exchange 38,415,000 Shares at an aggregate consideration of approximately HK\$98,778,000.

SUBSEQUENT EVENTS

On 23 May 2022, (i) DL Asset Management Limited (“**DL Asset Management**”) (as the purchaser) and DL Global Holdings Limited (“**DL Global Holdings**”) (as the vendor) entered into an acquisition agreement, pursuant to which, DL Asset Management will acquire and DL Global Holdings will sell 8,195,441 shares (representing approximately 45.0% of the total issued share capital) of DL Family Office (HK) Limited (“**DL Family Office HK**”) at a consideration of HK\$63,000,000; and (ii) DL Asset Management (as the purchaser) and DL Family Office Limited (“**DL Family Office BVI**”) being a direct wholly-owned subsidiary of DL Global Holdings, (as the vendor) entered into an acquisition agreement, pursuant to which, DL Asset Management will acquire and DL Family Office BVI will sell 1,750,000 shares (representing the entire issued share capital) of Emerald Wealth Management Limited (“**Emerald Wealth**”) at a consideration of HK\$15,500,000.

The acquisitions of DL Family Office HK and Emerald Wealth (the “**Acquisitions**”) are conducted for the following purposes: (i) the acquisition of Emerald Wealth would allow the Group to enter into the insurance brokerage business, which would be complimentary to the existing financial services provided by the Group and is an important step for the Group to develop into a full-service integrated financial services provider. In addition to the diversification of the Group’s business, the Board is of the view that the acquisition of Emerald Wealth can offer the Group an opportunity to immediately tap into the success of an on-going business and enable the Group to acquire its readily available resources; and (ii) the Board considers that the acquisition of DL Family Office HK could broaden the income sources of the Group with potential dividend income distributed from DL Family Office HK. In future, if the DL Family Office HK Acquisition materialises, the Board will look for potential collaboration opportunities with DL Family Office HK with the aim to mutually benefit the Group as well as DL Family Office HK.

DL Global Holdings is owned as to 36.6% and 30% by Ms. Jiang Xinrong, the non-executive Director and Mr. Chen Ningdi, the Chairman, executive Director and chief executive officer and DL Family Office BVI is a direct wholly owned subsidiary of DL Global Holdings. Therefore, both DL Global Holdings and DL Family Office BVI are connected persons of the Company, and the Acquisitions constituted connected transactions of the Company as defined under Chapter 14A of the Listing Rules and are subject to the reporting and announcement requirements, but exempt from the circular and independent shareholders’ approval under Chapter 14A of the Listing Rules. The Acquisitions have not completed as at the date of this announcement.

For details of the Acquisitions, please refer to the Company’s announcements on 23 May 2022 and 26 May 2022.

Since 31 March 2022 and up to the date of this announcement, save as disclosed above, 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” of this announcement, the Company and its subsidiaries did not purchase, sell or redeem any of its Shares listed on the Stock Exchange for the year ended 31 March 2022.

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.

Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since 10 January 2022, Mr. Chen Ningdi performed his duties as both the chairman and chief executive officer of the Company. However, the Board is of the view that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions efficiently, and thus is in the best interest of the Group. The Board has full confidence in Mr. Chen Ningdi and believes that his appointment to the posts of chairman and chief executive officer of the Company is beneficial to the business prospects of the Group.

Save as disclosed above, the Company was in compliance with all code provisions set out in the CG Code for the year ended 31 March 2022.

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 2022.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

For the year ended 31 March 2022 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 2022. 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 that have a significant impact on the Group during the Reporting Period.

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 Reporting Period.

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 Reporting Period. 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 Reporting Period, there was no material dispute or disagreement between the Group and its suppliers.

DIVIDENDS

On 18 November 2021, the Board resolved to approve an interim dividend of HK\$0.0104 per ordinary share for the six months ended 30 September 2021. Total dividend of approximately HK\$14,873,000 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\$0.014 per Share in the form of cash in respect of the Reporting Period, amounting to a total dividend of approximately HK\$20.02 million to Shareholders whose names appear on the register of members of the Company on Thursday, 29 September 2022 (record date). Subject to approval of the Shareholders at the annual general meeting of the Company to be held on Tuesday, 20 September 2022 (“**AGM**”), it is expected that the final dividend will be paid to the eligible Shareholders on or around Tuesday, 11 October 2022. 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 2022.

BONUS SHARES

For the year ended 31 March 2022, the Board recommended to issue bonus Shares (the “**Bonus Shares**”, each a “**Bonus Share**”) on the basis of one new Bonus Share credited as fully paid for every 60 existing Shares held by the Shareholders whose names appear on the register of members of the Company on Thursday, 29 September 2022 (the “**Bonus Issue**”). The Bonus Issue is subject to, among others, the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Bonus Shares and the Shareholders’ approval at the AGM, and if all necessary approvals are obtained, the share certificate of the Bonus Shares will be posted on or about Friday, 14 October 2022.

A further announcement and a circular containing, among other things, further details of the Bonus Issue (including a detailed timetable) will be despatched to the Shareholders as soon as possible.

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 Tuesday, 20 September 2022, the register of members of the Company will be closed from Thursday, 15 September 2022 to Tuesday, 20 September 2022, 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 Wednesday, 14 September 2022.

- (b) For the purpose of determining the Shareholders who qualify for the final dividend and the Bonus Issue, the register of members of the Company will be closed from Tuesday, 27 September 2022 to Thursday, 29 September 2022, both days inclusive. In order to qualify for the final dividend and the Bonus Issue, 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 Monday, 26 September 2022.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 20 September 2022 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, 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 2022.

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 2022 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

Chen Ningdi

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 23 June 2022

As at the date of this announcement, the executive Directors are Mr. Chen Ningdi, Mr. Lang Joseph Shie Jay and Mr. Ai Kuiyu; the non-executive Directors are Ms. Jiang Xinrong and Mr. Chan Kwun Wah Derek; 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.