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DLC ASIA
DLC Asia Limited
衍匯亞洲有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8210)

CHANGE IN USE OF PROCEEDS

Reference is made to the annual report for the year ended 31 March 2020, the annual report for the year ended 31 March 2021 and the first quarterly report for the three months ended 30 June 2021 in relation to, among others, the utilisation of the net proceeds from the initial public offering of the shares of DLC Asia Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on the GEM of The Stock Exchange of Hong Kong Limited (“**Share Offer**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the prospectus issued by the Company dated 14 August 2018 (the “**Prospectus**”).

USE OF PROCEEDS

The actual net proceeds raised from the Share Offer, after deducting underwriting fees and commissions and other expenses relating to the Listing, were approximately HK\$27.3 million (the “**Net Proceeds**”).

* For identification purposes only

Since the Listing Date and up to 30 June 2021, approximately HK\$16.1 million of the net proceeds has been utilised as follows:

	Planned use of net proceeds							Actual use of net proceeds	
	Up to 30 September 2018 HK\$'000	For the six months ended 31 March 2019 HK\$'000	For the six months ended 30 September 2019 HK\$'000	For the six months ended 31 March 2020 HK\$'000	For the six months ended 30 September 2020 HK\$'000	For the six months ended 31 March 2021 HK\$'000	For the six months ending 30 September 2021 HK\$'000	Total HK\$'000	Up to 30 June 2021 HK\$'000
To apply for becoming a Clearing Participant	-	-	11,040	480	480	-	-	12,000	802
To expand our OTC product coverage	-	1,104	1,897	2,128	2,128	-	-	7,257	7,257
To use for office expansion plan	6,028	-	-	-	-	-	-	6,028	6,028
To expand our licensed broker team	-	-	665	665	665	-	-	1,995	1,995
	<u>6,028</u>	<u>1,104</u>	<u>13,602</u>	<u>3,273</u>	<u>3,273</u>	<u>-</u>	<u>-</u>	<u>27,280</u>	<u>16,082</u>

CHANGE IN USE OF PROCEEDS

Since 2019, the Hong Kong economy has been facing intense challenges due to multiple factors, in particular, the social unrest arising from anti-government protests and the Sino-US trade tension which led the global business environment and global financial markets in turmoil. Furthermore, the global outbreak of novel coronavirus (“COVID-19”) since late 2019 further deteriorated the Hong Kong economy and the global financial markets which struck the Group’s business adversely.

As disclosed in the Prospectus, the Group planned to apply for becoming a Clearing Participant aiming to (i) save a significant amount of clearing cost attributable to the Group’s daily operations and thence enhance the Group’s overall profitability as well as to free up the deposit pledged to the Group’s clearing service providers for their services and (ii) have a better control of the Group’s daily clearing procedures. Nevertheless, given the global economy downturn since 2019, the facility terms available to the Group have become more and more harsher and the vetting time have also become unforeseeably longer. According to the communication with the banks, by considering the current level of deposit available by the Group as collateral, it is not likely for the Company to obtain sufficient financial assistance from the banks to operate as a Clearing Participant under the current market sentiment.

As at the date of this announcement, the unutilised Net Proceeds amounted to approximately HK\$11.2 million (the “**Unutilised Net Proceeds**”). On 19 August 2021, one of the Group’s major clearing service providers has requested for additional deposit of HK\$9.5 million for its ongoing clearing services to the Group. The board (the “**Board**”) of Directors of the Company, having considered (i) the recent business environment and development of the Group; (ii) the adverse impacts due to the social unrest in Hong Kong; and (iii) the on-going adverse impacts of the continuous global outbreak of COVID-19 to the global financial markets, resolved to change the use of the Unutilised Net Proceeds to (i) the Group’s increase the deposit to the aforementioned existing clearing service provider to ensure undisturbed business operations of the Group; and (ii) increase its financial flexibility to cope with the future economic uncertainty and potential business opportunities in the future.

Set out below the revised allocation of use of the Unutilised Net Proceeds:

**Revised planning on the
use of Net Proceeds
From the date of this
Announcement up to
31 March 2022
approximately
HK\$’000**

For the additional deposit to existing clearing service provider	9,500
For general working capital	1,700
	<hr/>
	11,200
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The Board considers that the aforementioned change in the use of Net Proceeds is in the best interest of the Company and the Shareholders as a whole and it would not have material adverse effect on the existing business operations of the Group. The Board also confirms that there is no material change in the business nature of the Group as set out in the Prospectus.

Save as disclosed in this announcement, there are no other changes on the use of Net Proceeds of the Share Offer.

By order of the Board
DLC Asia Limited
Lau Ming Yeung, Lambert
Chairman

Hong Kong, 20 August 2021

As at the date of this announcement, the executive Directors are Mr. Lau Ming Yeung, Lambert, Mr. Choi Man Ho, Mr. Ng Yu Fai and Mr. Shiu Kam Man; and the independent non-executive Directors are Mr. Voon David Hian-fook, Mr. Or Kevin and Mr. Wu Ping Lam Michael David.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at “www.hkgem.com” for at least seven days from the date of its publication and on the Company’s website at “www.derivaasia.com”.