



**DLCASIA**

**DLC ASIA LIMITED**  
**衍匯亞洲有限公司\***

(incorporated in the Cayman Islands with limited liability)

Stock code : 8210

THIRD QUARTERLY REPORT

**2021**

\* For identification purpose only

**CHARACTERISTICS OF GEM ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**


**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the "**Directors**") of DLC Asia Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 report 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 report misleading.*

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. LAU Ming Yeung, Lambert (*Chairman*)  
Mr. CHOI Man Ho (*Chief Executive Officer*)  
Mr. NG Yu Fai  
Mr. SHIU Kam Man

#### Independent Non-executive Directors

Mr. VOON David Hian-fook  
Mr. OR Kevin  
Mr. WU Ping Lam Michael David

### AUDIT COMMITTEE

Mr. OR Kevin (*Chairman*)  
Mr. VOON David Hian-fook  
Mr. WU Ping Lam Michael David

### REMUNERATION COMMITTEE

Mr. VOON David Hian-fook (*Chairman*)  
Mr. WU Ping Lam Michael David  
Mr. LAU Ming Yeung, Lambert

### NOMINATION COMMITTEE

Mr. WU Ping Lam Michael David (*Chairman*)  
Mr. VOON David Hian-fook  
Mr. LAU Ming Yeung, Lambert

### COMPANY SECRETARY

Mr. WONG Tin Yu, ACG, ACS

### COMPLIANCE OFFICER

Mr. CHOI Man Ho

### AUTHORIZED REPRESENTATIVES

*(for the purpose of the GEM Listing Rules)*

Mr. LAU Ming Yeung, Lambert  
Mr. CHOI Man Ho

### LEGAL ADVISER

Michael Li & Co.

### AUDITOR

SHINEWING (HK) CPA Limited

### REGISTERED OFFICE

Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 2601–3, Tai Tung Building  
8 Fleming Road, Wanchai  
Hong Kong

### CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
PO Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East, Hong Kong

### PRINCIPAL BANK

The Hongkong and Shanghai Banking Corporation Limited

### STOCK CODE

8210.HK

### WEBSITE

[www.derivaasia.com](http://www.derivaasia.com)

## THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) of the Company announces the unaudited condensed consolidated third quarterly results of the Company and its subsidiaries (collectively, the “**Group**”) for the nine months ended 31 December 2021, together with the comparative unaudited figures for the corresponding period in 2020 as follows.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 DECEMBER 2021

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	4	9,045	10,788	29,810	41,828
Other income and gains, net	5	-*	777	-*	1,669
Total revenue and other income and gains		9,045	11,565	29,810	43,497
Depreciation		(641)	(698)	(1,905)	(2,089)
Staff costs		(7,439)	(8,419)	(21,790)	(31,018)
Reversal of expected credit losses on trade receivables		-	-	10	15
Other operating expenses		(3,428)	(3,773)	(10,138)	(12,441)
Finance costs	6	(17)	(18)	(59)	(76)
Loss before tax	7	(2,480)	(1,343)	(4,072)	(2,112)
Income tax (expense) credit	8	(28)	131	19	28
Loss and total comprehensive expense for the period attributable to the owners of the Company		(2,508)	(1,212)	(4,053)	(2,084)
Loss per share (HK cents)					
Basic and diluted	10	(0.32)	(0.16)	(0.51)	(0.28)

\* The balance represents an amount less than HK\$500.

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

	Attributable to the owners of the Company							Total HK\$ '000
	Share capital HK\$ '000	Share premium HK\$ '000	Shareholder's	Shares held	Share-based	Other reserve HK\$ '000 (Note [c])	Retained earnings HK\$ '000	
			contribution reserve HK\$ '000 (Note [a])	for the share award scheme HK\$ '000 (Note [a])	payment reserve HK\$ '000 (Note [b])			
At 1 April 2021 (audited)	8,000	27,578	19,272	(8,610)	2,349	6,800	32,910	88,299
Equity-settled share-based compensation expenses	-	-	-	-	250	-	-	250
Issue of shares under the share award scheme	-	(4,669)	-	6,771	(2,102)	-	-	-
Loss and total comprehensive expense for the period	-	-	-	-	-	-	(4,053)	(4,053)
As at 31 December 2021 (unaudited)	8,000	22,909	19,272	(1,839)	497	6,800	28,857	84,496
At 1 April 2020 (audited)	8,000	34,929	19,272	(19,272)	-	6,800	36,455	86,184
Equity-settled share-based compensation expenses	-	-	-	-	5,070	-	-	5,070
Issue of shares under the share award scheme	-	(7,351)	-	10,662	(3,311)	-	-	-
Loss and total comprehensive expense for the period	-	-	-	-	-	-	(2,084)	(2,084)
As at 31 December 2020 (unaudited)	8,000	27,578	19,272	(8,610)	1,759	6,800	34,371	89,170

### Notes:

(a) On 10 April 2019, Oasis Green Ventures Limited ("**Oasis Green**"), the immediate holding company of the Company and a company wholly-owned by Mr. Yu Kwok Tung ("**Mr. Yu**"), who was also non-executive director of the Company until 1 June 2020, contributed 88,000,000 shares to the share pool maintained by the trustee under share award scheme at nil consideration as incentive to attract and retain eligible participants under the share award scheme adopted by the Company for the long term development of the Group. The fair value of the ordinary shares of the Company, determined using the published price available at the date of the transfer, was HK\$0.219 per share.

During the nine months ended 31 December 2021, 30,916,000 shares (nine months ended 31 December 2020: 48,684,000 shares) have been vested under the share award scheme.

(b) It represents the portion of the grant date fair value of the shares granted to the directors and employees of the Company and its subsidiaries under the share award scheme that has been recognised in accordance with the accounting policy adopted for equity-settled share-based payment transaction.

(c) Other reserve represented the difference between the nominal amount of the share capital of De Riva Asia Limited ("**De Riva**") and the nominal amount of the share capital issued by the Company pursuant to the corporate reorganisation of the Group in preparation of the listing of the shares of the Company on GEM.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

## 1. GENERAL

The Company was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 1 November 2017 and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 27 August 2018. Its immediate holding company is Oasis Green, a company with limited liability incorporated in the British Virgin Islands. Its ultimate beneficial owner is Mr. Yu.

The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and Units 2601-3, Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong respectively.

The Company is an investment holding company. Its major operating subsidiary, De Riva, was involved in the business of dealing in securities and futures contracts as a futures non-clearing dealer.

The functional currency of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) is Hong Kong dollar (“**HK\$**”), which is the same as the presentation currency of the condensed consolidated financial statements.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the nine months ended 31 December 2021 have been prepared in accordance with the applicable disclosure provisions of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

## 3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The significant accounting policies that have been used in the preparation of these condensed consolidated financial statements for the nine months ended 31 December 2021 are consistent with those adopted in the Group’s interim condensed consolidated financial statements for the six months ended 30 September 2021.

In the current period, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards (“**HKFRSs**”) and the amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) which are effective for the Group’s financial year beginning 1 April 2021.

### 3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The application of the amendments to HKFRSs in the current period has had no material effect on the Group's financial performance and positions for the current and prior periods.

### 4. REVENUE

Revenue represents the amounts received and receivable for services provided in the normal course of business.

	Three months ended 31 December 2021		Nine months ended 31 December 2021	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Commission income from dealing in securities and futures contracts as a futures non-clearing broker	9,045	10,788	29,810	41,828

### 5. OTHER INCOME AND GAINS, NET

	Three months ended 31 December 2021		Nine months ended 31 December 2021	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	-*	-	-*	5
Government subsidies (Note)	-	727	-	1,494
Exchange gain, net	-	50	-	170
	-*	777	-*	1,669

\* The balance represents an amount less than HK\$500.

Note: Government subsidies are cash subsidies granted by The Government of the Hong Kong Special Administrative Region under Anti-Epidemic Fund amounting to HK\$60,000 from the Subsidy Scheme for Security Industry granted to each licensed corporation and approximately HK\$1,434,000 from the Employment Support Scheme which subsidised 50% of the wages paid to each staff, subject to maximum of HK\$9,000 for each staff respectively. The Group has complied with all attached conditions during the period ended 31 December 2020 and recognised the amounts in profit or loss in "other income and gains, net".



## 6. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Interest expense on:				
Overdrafts	1	14	2	55
Lease liabilities	16	4	57	21
	17	18	59	76

## 7. LOSS BEFORE TAX

	Three months ended 31 December		Nine months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss for the period has been arrived at after crediting:				
Auditor's remuneration	48	50	268	280
Exchange loss, net	44	-	44	-
Depreciation of property and equipment	254	248	745	739
Depreciation of right-of-use assets	387	450	1,160	1,350
Error and facilitation expenses	164	200	416	1,028

## 8. INCOME TAX (EXPENSE) CREDIT

	Three months ended 31 December		Nine months ended 31 December	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Hong Kong:				
Current tax for the period	-	92	(3)	(60)
Deferred tax:	(28)	39	22	88
	(28)	131	19	28

## **8. INCOME TAX (EXPENSE) CREDIT (Continued)**

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. For the period ended 31 December 2021 and 2020, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

## **9. DIVIDEND**

No dividend was paid, declared or proposed during the nine months ended 31 December 2021 (nine months ended 31 December 2020: nil).

## **10. LOSS PER SHARE**

Basic and diluted loss per share amount are calculated by dividing the loss for the nine months ended 31 December 2021 attributable to the owners of the Company of approximately HK\$4,053,000 (nine months ended 31 December 2020: HK\$2,084,000) by the weighted average number of ordinary shares in issue of 789,516,727 (nine months ended 31 December 2020: 738,566,269) during the period, excluding shares held under the Company's share award scheme.

The calculation of diluted loss per share does not assume the deemed issue of shares under the share award scheme since it would result in a decrease in loss per share for the nine months ended 31 December 2021 and 2020.

Basic and diluted loss per share amount are calculated by dividing the loss for the three months ended 31 December 2021 attributable to the owners of the Company of approximately HK\$2,508,000 (for the three months ended 31 December 2020: HK\$1,212,000) by the weighted average number of ordinary shares in issue of 791,600,000 (for the three months ended 31 December 2020: 759,475,522) during the period, excluding shares held under the Company's share award scheme.

The calculation of diluted loss per share does not assume the deemed issue of shares under the share award scheme since it would result in a decrease in loss per share for the three months ended 31 December 2021 and 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND OUTLOOK

The Group is an interdealer broker in Hong Kong providing derivatives brokerage services to the professional investors (as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) (the “Professional Investors”) through its wholly-owned subsidiary, De Riva, which is a licensed corporation under the SFO and a HKFE Exchange Participant. De Riva is licensed by the Securities and Futures Commission of Hong Kong (the “SFC”) to carry out type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities in Hong Kong for Professional Investors without providing any margin financing services. Under the licensing condition, De Riva can only provide services to Professional Investors.

The principal business of the Group is derivatives brokerage, which involves matching and/or executing and settling derivatives trade orders for the customers. When the customers place a trade order, it usually involves a combination of futures and options and other derivatives products, which are typically viewed as a single product by the customers in the derivatives market. During the period under review, the Group derived all of the revenue from commission income for derivatives brokerage services provided to the customers.

For the nine months ended 31 December 2021, the trade orders involved listed derivatives products which were either executed on the Hong Kong Exchanges and Clearing Limited (the “HKEx”), Singapore Exchange (the “SGX”) or Eurex Exchange (the “EUREX”), and non-listed derivatives products which were all executed over-the-counter (“OTC”). The Group has, through De Riva, entered into arrangements with a number of execution brokers to provide derivative services for SGX listed derivatives as De Riva does not have the relevant trading rights. Hence, De Riva acted as an agent to arrange for and match up trade orders without providing any execution, settlement or clearing services, and trading parties are directly responsible for all risks involved in the OTC transactions.

For the nine months ended 31 December 2021, the revenue was approximately HK\$29.8 million, representing a decrease of approximately 28.7% when compared with the revenue of approximately HK\$41.8 million of the corresponding period in 2020.

### FINANCIAL REVIEW

#### Revenue

The revenue decreased from approximately HK\$41.8 million for the nine months ended 31 December 2020 to approximately HK\$29.8 million for the nine months ended 31 December 2021, representing a drop of approximately 28.7%. The decrease was mainly due to the decrease in trade volume.

The following table sets forth the revenue breakdown for the nine months ended 31 December 2021, together with the comparative results for the corresponding period in 2020:

	For the nine months ended 31 December			
	2021 (Unaudited)		2020 (Unaudited)	
	HK\$'000	%	HK\$'000	%
HKEx	27,339	91.7	37,649	90.0
SGX	494	1.7	1,460	3.5
EUREX	84	0.3	61	0.1
OTC	1,893	6.3	2,658	6.4
<b>TOTAL</b>	<b>29,810</b>	<b>100.0</b>	<b>41,828</b>	<b>100.0</b>

### Staff costs

Staff costs comprise salaries, provident fund contribution and other allowance. The staff costs decreased from approximately HK\$31.0 million for the nine months ended 31 December 2020 to approximately HK\$21.8 million for the nine months ended 31 December 2021, representing a drop of approximately 29.7%. The decrease was mainly attributable to the decrease in bonus which was in line with the decrease in revenue of the Group. In addition, the decrease was also attributable to the decrease in share based payment expenses as a result of the share awards granted on 6 April 2020 under the share award scheme of the Company adopted on 4 April 2019.

### Other operating expenses

The other operating expenses decreased from approximately HK\$12.4 million for the nine months ended 31 December 2020 to approximately HK\$10.1 million for the nine months ended 31 December 2021, representing a drop of approximately 18.6%. The decrease was mainly due to decrease in clearing expenses, error expense, marketing expenses and legal and professional fees.

The clearing expenses for the nine months ended 31 December 2021 was approximately HK\$2.5 million, representing a decrease of approximately HK\$0.9 million or 26.5% over approximately HK\$3.4 million of the corresponding period in 2020. The drop in clearing expenses was in line with the drop in revenue of the Group.

The error expenses for the nine months ended 31 December 2021 was approximately HK\$416 thousand, representing a decrease of approximately HK\$584 thousand or 58.4% over approximately HK\$1.0 million of the corresponding period in 2020. The decrease in error expenses was in line with the decrease in revenue of the Group.

The marketing expenses for the nine months ended 31 December 2021 was approximately HK\$1.1 million, representing a decrease of approximately HK\$0.2 million or 15.4% over approximately HK\$1.3 million of the corresponding period in 2020. The decrease in marketing expenses was in line with the decrease in revenue of the Group.

The legal and professional fees for the nine months ended 31 December 2021 was approximately HK\$732 thousand, representing a decrease of approximately HK\$468 thousand or 39.0% over approximately HK\$1.2 million of the corresponding period in 2020. The decrease in legal and professional fees was mainly due to the resignation of compliance adviser of the Company with effect from 1 July 2021.

### Income tax credit

Income tax credit for the nine months ended 31 December 2021 was approximately HK\$19 thousand, while the income tax credit of the corresponding period in 2020 was approximately HK\$28 thousand. Such change was mainly due to the Government subsidies under Anti-Epidemic Fund amounting to approximately HK\$1.5 million received during the corresponding period in 2020 which was non-taxable in nature.

### Loss for the period

The Group recorded a loss of approximately HK\$4.1 million for the nine months ended 31 December 2021 (nine months ended 31 December 2020: HK\$2.1 million). The increase in loss was mainly due to the decrease in revenue, after netting off the decrease in other operating expenses and the decrease in staff costs during the nine months ended 31 December 2021 as discussed above.

## ERROR EXPENSES AND FACILITATION EXPENSES

The Group's error expenses and facilitation expenses for the new error report filings are as follows:

	<b>Error Expenses HK\$'000 (Unaudited)</b>	<b>Facilitation Expenses/(Gain) HK\$'000 (Unaudited)</b>
April 2021	–	(21)
May 2021	–	59
June 2021	–	14
July 2021	–	22
August 2021	–	81
September 2021	–	97
October 2021	–	26
November 2021	–	91
December 2021	–	47

The error trades are generally resulted from unintentional human errors and the daily business operations are closely monitored by the management team.

## TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the nine months ended 31 December 2021. To manage liquidity risk, the Group monitors the liquidity position daily to ensure that the liquidity structure of the Group's assets, liabilities and other commitment can meet the funding and SFC regulatory requirement.

## CAPITAL STRUCTURE

The authorised share capital of the Company is HK\$50 million divided into 5,000,000,000 ordinary shares of the Company (the "Shares") of HK\$0.01 each.

As at the date of this report, the Company's issued share capital was HK\$8 million divided into 800,000,000 ordinary Shares of HK\$0.01 each. During the nine months ended 31 December 2021, there was no movement of the issued capital of the Company.

## CAPITAL COMMITMENT

As at 31 December 2021, the Group did not have any capital commitment (31 March 2021: HK\$25,000) in respect of the acquisitions of property and equipment contracted for but not provided in the condensed consolidated financial statements.

## SIGNIFICANT INVESTMENT

The Group did not acquire or hold any significant investment during the period under review.

## EVENT AFTER THE REPORTING DATE

There was no significant event relevant to the business or financial performance of the Group that has come to the attention of the Directors after the nine months ended 31 December 2021 and up to the date of this report.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2021, the Group did not have any future plans for material investments and capital assets.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the nine months ended 31 December 2021, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

## **CONTINGENT LIABILITIES**

As at 31 December 2021 and 31 December 2020, the Group did not have any material contingent liabilities.

## **EXPOSURE TO EXCHANGE RATE FLUCTUATIONS**

The Group's revenue generating operations are mainly transacted in HK\$ and US\$. The Directors consider the impact of foreign exchange exposure to the Group to be minimal.

## **PLEDGE OF ASSETS**

As at 31 December 2021 and 31 December 2020, the Group did not pledge any of its assets.

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2021, the Group had 28 staff (as at 31 December 2020: 28) in total. The Group's remuneration policy is based on the duties, responsibilities, experiences, skills, time commitment, performance of the relevant director or member of senior management of the Group and are made with reference to those paid by comparable companies. The employees are remunerated with monthly salaries and discretionary bonuses based on individual performance, market performance, the Group's profit as a whole and comparable market levels. Apart from salary payments, other staff benefits include provident fund contributions, medical insurance coverage, other allowances and benefits.

## **DIVIDEND**

The Board has resolved not to declare an interim dividend for the nine months ended 31 December 2021.

## USE OF PROCEEDS

The Shares were listed on GEM on 27 August 2018. The net proceeds from the initial public offering and placing of new Shares were approximately HK\$27.3 million after deduction of listing related expenses.

Since the Listing Date and up to 31 December 2021, the Group has utilised all of the net proceeds in accordance with the designated uses set out in the prospectus of the Company dated 14 August 2018 (the "**Prospectus**") and the announcement of the Company dated 20 August 2021 in relation to the change in use of proceeds as follows:

	Allocation of total net proceeds designated in the Prospectus HK\$'000	Revised allocation of the total net proceeds designated in the announcement dated 20 August 2021 HK\$'000	Actual usage of net proceeds up to 31 December 2021 HK\$'000	Unutilised net proceeds as at 31 December 2021 HK\$'000
To apply for becoming a Clearing Participant	12,000	802	802	-
To expand our OTC product coverage	7,257	7,257	7,257	-
To use for office expansion plan	6,028	6,028	6,028	-
To expand our licensed broker team	1,995	1,995	1,995	-
To use for the additional deposit to existing clearing service provider	-	9,500	9,500	-
To use for general working capital	-	1,698	1,698	-
	27,280	27,280	27,280	-

Please refer to the announcement of the Company dated 20 August 2021 for the details of the change in use of the net proceeds.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DISCLOSURE OF INTERESTS

#### Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation

As at 31 December 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

#### Long position in ordinary Shares

Name of Director	Capacity/nature of interest	Number of Shares involved	Approximate percentage of shareholding in the Company
Mr. Ng Yu Fai	Interest of controlled corporation	54,000,000 <i>(Note 1)</i>	6.75%
	Beneficial interest	14,000,000 <i>(Note 2)</i>	1.75%
		68,000,000	8.50%
Mr. Choi Man Ho	Interest of controlled corporation	36,000,000 <i>(Note 3)</i>	4.50%
	Beneficial interest	16,800,000 <i>(Note 4)</i>	2.10%
		52,800,000	6.60%
Mr. Shiu Kam Man	Beneficial interest	39,200,000 <i>(Note 5)</i>	4.90%
Mr. Lau Ming Yeung, Lambert	Interest of controlled corporation	32,000,000 <i>(Note 6)</i>	4.00%

Notes:

1. *These Shares are held by Dense Jungle Limited, which is wholly owned by Mr. Ng Yu Fai. By virtue of the SFO, Mr. Ng Yu Fai is deemed to be interested in these Shares held by Dense Jungle Limited.*
  2. *These represent Shares granted to Mr. Ng Yu Fai pursuant to the share award scheme of the Company adopted on 4 April 2019, which were held on trust by the trustee until the Shares have vested. As at 31 December 2021, all 14,000,000 of these Shares have vested. For details about the scheme, please refer to the paragraph headed "Share award scheme".*
  3. *These Shares are held by Beyond Delta Limited, which is wholly owned by Mr. Choi Man Ho. By virtue of the SFO, Mr. Choi Man Ho is deemed to be interested in these Shares held by Beyond Delta Limited.*
  4. *These represent Shares granted to Mr. Choi Man Ho pursuant to the share award scheme of the Company adopted on 4 April 2019, which were held on trust by the trustee until the Shares have vested. As at 31 December 2021, 8,400,000 of these Shares have vested. For details about the scheme, please refer to the paragraph headed "Share award scheme".*
  5. *These represent Shares granted to Mr. Shiu Kam Man pursuant to the share award scheme of the Company adopted on 4 April 2019, which were held on trust by the trustee until the Shares have vested. As at 31 December 2021, all 39,200,000 of these Shares have vested. For details about the scheme, please refer to the paragraph headed "Share award scheme".*
  6. *These Shares are held by Ocean Lead Holdings Limited, which is wholly owned by Mr. Lau Ming Yeung, Lambert. By virtue of the SFO, Mr. Lau Ming Yeung, Lambert is deemed to be interested in these Shares held by Ocean Lead Holdings Limited.*
- \* *The percentage represents the number of ordinary Shares involved divided by the number of issued Shares of the Company as at 31 December 2021.*

Save as disclosed above, as at 31 December 2021, neither the Directors nor the chief executive of the Company had any interests and/or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

## Substantial shareholders' interests and short positions in the Shares and underlying Shares

As at 31 December 2021, the following corporations or persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under Section 336 of the SFO:

### Long position in ordinary Shares

Name of Shareholder	Capacity/nature of interest	Number of Shares involved	Approximate percentage* of shareholding in the Company
Oasis Green Ventures Limited	Beneficial owner	278,000,000 (Note 1)	34.75%
Pacific Asset Limited	Interest of controlled corporation	278,000,000 (Note 1)	34.75%
Mr. Yu Kwok Tung	Interest of controlled corporations	278,000,000 (Note 1)	34.75%
	Interest of spouse	16,000,000 (Note 2)	2.00%
		294,000,000	36.75%
Ms. Yip Shui Chi Rowena	Interest of spouse	278,000,000 (Notes 1, 3)	34.75%
	Beneficial owner	16,000,000	2.00%
		294,000,000	36.75%
Jolly Ocean Global Limited	Beneficial owner	96,000,000 (Note 4)	12.00%
Santo Global Investments Limited	Interest of controlled corporation	96,000,000 (Note 4)	12.00%
Mr. Lau Ming Hong Henry	Interest of controlled corporations	96,000,000 (Note 4)	12.00%
Ms. Lo Ying	Interest of spouse	96,000,000 (Note 4)	12.00%
Dense Jungle Limited	Beneficial owner	54,000,000 (Note 5)	6.75%
Ms. Mak Sui Yu	Interest of spouse	52,800,000 (Note 6)	6.60%

#### Notes:

1. These Shares are held by Oasis Green Ventures Limited, a company wholly owned by Pacific Asset Limited, which is in turn wholly owned by Mr. Yu Kwok Tung. By virtue of the SFO, Mr. Yu Kwok Tung and Pacific Asset Limited are deemed to be interested in these Shares held by Oasis Green Ventures Limited.
2. These Shares are held by Ms. Yip Shui Chi Rowena, the spouse of Mr. Yu Kwok Tung. By virtue of the SFO, Mr. Yu Kwok Tung is taken to be interested in the same number of Shares in which Ms. Yip Shui Chi Rowena is interested.

3. *Ms. Yip Shui Chi Rowena is the spouse of Mr. Yu Kwok Tung. By virtue of the SFO, Ms. Yip Shui Chi Rowena is taken to be interested in the same number of Shares in which Mr. Yu Kwok Tung is interested.*
  4. *These Shares are held by Jolly Ocean Global Limited, a company wholly owned by Santo Global Investments Limited, which is in turn wholly owned by Mr. Lau Ming Hong Henry. By virtue of the SFO, Mr. Lau Ming Hong Henry and Santo Global Investments Limited are deemed to be interested in these Shares held by Jolly Ocean Global Limited. Ms. Lo Ying is the spouse of Mr. Lau Ming Hong Henry. By virtue of the SFO, Ms. Lo Ying is taken to be interested in the same number of Shares in which Mr. Lau Ming Hong Henry is interested.*
  5. *These interests are also disclosed as the interest of Mr. Ng Yu Fai in the paragraph headed "Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation".*
  6. *Ms. Mak Sui Yu is the spouse of Mr. Choi Man Ho. By virtue of the SFO, Ms. Mak Sui Yu is taken to be interested in the same number of Shares in which Mr. Choi Man Ho is interested.*
- \* *The percentage represents the number of ordinary Shares involved divided by the number of issued Shares as at 31 December 2021.*

Save as disclosed above, as at 31 December 2021, other than the Directors and the chief executive of the Company whose interests are set out in the paragraph headed "Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation" above, no person had interest or short position in the Shares or underlying Shares which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## **COMPETING AND CONFLICT OF INTERESTS**

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the nine months ended 31 December 2021.

None of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective close associates has engaged in or has interest in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflicts of interest with the Group during the nine months ended 31 December 2021.

## **INTERESTS OF THE COMPLIANCE ADVISER**

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Red Sun Capital Limited to be the compliance adviser. Red Sun Capital Limited has resigned from its position as compliance adviser of the Company with effect from 1 July 2021. As notified by Red Sun Capital Limited, during its appointment, neither Red Sun Capital Limited, nor its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2021.

## **CORPORATE GOVERNANCE PRACTICE**

The Company is committed to maintaining high standard of corporate governance which is essential to the sustainable development and growth of the Company. The Company has devoted efforts to put in place various policies and procedures in compliance with the principles and code provisions set out in the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules and the Board is of the view that the Company has met such code provisions during the nine months ended 31 December 2021.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct regarding Directors' securities transactions in the Company. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules and there was no event of non-compliance during the nine months ended 31 December 2021.

## **SHARE OPTION SCHEME**

The Company conditionally adopted a share option scheme on 30 July 2018 (the "**Share Option Scheme**"). The purpose of the Share Option Scheme is to enable the Company to grant share options to the 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 total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme is 80,000,000 Shares, representing 10% of the total issued share capital of the Company as at the date of this report.

No share option has been granted by the Company under the Share Option Scheme since its adoption.

## **SHARE AWARD SCHEME**

The Company adopted a share award scheme on 4 April 2019 (the "**Share Award Scheme**"). The purpose of the Share Award Scheme is to recognise and reward the contribution of eligible participants to the growth and development of the Group, to give incentives to eligible participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The Share Award Scheme shall be subject to administration of the Board and the trustee in accordance with the rules of the Share Award Scheme and the trust deed. Given that the Share Award Scheme does not involve the grant of options over any new Shares, it does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 23 of the GEM Listing Rules. No shareholders' approval was required for the adoption of the Share Award Scheme.

Since the adoption of the Share Award Scheme, a total of 88,000,000 awarded shares have been granted by the Company pursuant to the terms of the Share Award Scheme, subject to the vesting conditions (if any). As at 31 December 2021, 79,600,000 awarded shares have vested in the relevant grantees.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "**Audit Committee**") was established on 30 July 2018 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The Audit Committee currently consists of three members, namely Mr. Or Kevin, Mr. Voon David Hian-fook and Mr. Wu Ping Lam Michael David, all being independent non-executive Directors. The primary duties of the Audit Committee are to review the Company's financial information and reporting process, risk management and internal control systems, relationship with external auditors and arrangements for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The chairman of the Audit Committee is Mr. Or Kevin, who holds the appropriate professional qualifications. None of the members of the Audit Committee are former partners of the Company's existing external auditors.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2021.

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

Hong Kong, 28 January 2022

*As at the date of this report, 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 report 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".*