DCB Holdings Limited
DCB控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8040)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2019

CHARACTERISTICS OF 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, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**Directors**") of DCB Holdings 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 and its subsidiaries (collectively referred to as the "**Group**"). 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.*

FINANCIAL HIGHLIGHTS

- During the year ended 31 March 2019 (the "**Year**" or "**2019**"), the Group recorded an increase in revenue of approximately 18.6% to approximately HK$324.6 million from approximately HK$273.7 million for the year ended 31 March 2018 (the "**Previous Year**" or "**2018**"). Due to an increase in cost of services, the Group's gross profit decreased to approximately HK$30.5 million for the Year from approximately HK$34.2 million for the Previous Year.

- Profit and total comprehensive income was approximately HK$10.7 million for the Year (2018: HK$7.0 million). The profit and total comprehensive income of HK$10.7 million for the Year represented a decrease of approximately 45.0% as compared to that of HK$19.4 million (excluding the one-off non-recurring listing expenses) for the Previous Year.

- The Board is pleased to share the Group's performance with the shareholders of the Company and recommends the payment of a final dividend for the year ended 31 March 2019 of HK1.2 cents per share amounting to HK$3,840,000.

- Earnings per share of the Company was approximately HK3.34 cents (2018: HK2.80 cents).

FINANCIAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to present the consolidated results of the Group for the year ended 31 March 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	Notes	**2019** *HK$'000*	2018 *HK$'000*
Revenue	*4*	**324,640**	273,690
Cost of services		**(294,140)**	(239,465)
Gross profit		**30,500**	34,225
Other income		**332**	1
Administrative expenses		**(17,656)**	(10,673)
Finance costs		**(262)**	(440)
Listing expenses		**–**	(12,442)
Profit before tax	*5*	**12,914**	10,671
Income tax expense	*6*	**(2,228)**	(3,675)
Profit and total comprehensive income for the year attributable to the owners of the Company		**10,686**	6,996

		2019 *HK cents*	2018 *HK cents*
Earnings per share			
Basic	*8*	**3.34**	2.80

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current asset			
Plant and equipment		**847**	1,152
Current assets			
Trade and other receivables	*9*	**7,659**	18,851
Contract assets	*10*	**120,525**	–
Amounts due from customers for contract work	*11*	**–**	83,103
Income tax recoverable		**1,311**	–
Pledged bank deposits		**6,000**	–
Bank balances and cash		**21,722**	45,885
		157,217	147,839
Current liabilities			
Trade and other payables	*12*	**34,660**	48,128
Contract liabilities	*13*	**26,539**	–
Amounts due to customers for contract work	*11*	**–**	7,716
Borrowings		**–**	2,223
Income tax payable		**–**	905
		61,199	58,972
Net current assets		**96,018**	88,867
Total assets less current liabilities		**96,865**	90,019
Non-current liability			
Other non-current liabilities		**258**	258
Net assets		**96,607**	89,761
Capital and reserves			
Share capital	*14*	**3,200**	3,200
Reserves		**93,407**	86,561
Total equity		**96,607**	89,761

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	Share capital	Share premium	Capital reserve	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2017	10,010	–	–	24,458	34,468
Profit and total comprehensive income for the year	–	–	–	6,996	6,996
Dividends recognised as distribution *(note 7)*	–	–	–	(3,000)	(3,000)
Effect of group reorganisation *(Note)*	(10,010)	–	10,010	–	–
Capitalisation issue of shares *(note 14(iii))*	2,400	(2,400)	–	–	–
Issue of shares pursuant to initial public offering *(note 14(iv))*	800	59,200	–	–	60,000
Expenses incurred in connection with issue of new shares	–	(8,703)	–	–	(8,703)
At 31 March 2018	3,200	48,097	10,010	28,454	89,761
Profit and total comprehensive income for the year	–	–	–	10,686	10,686
Dividends recognised as distribution *(note 7)*	–	–	–	(3,840)	(3,840)
At 31 March 2019	3,200	48,097	10,010	35,300	96,607

Note: The share capital of the Group at 1 April 2017 mainly represents the carrying amount of the share capital of the Company's subsidiary, DCB Company Limited, amounted to HK$10,010,000 as at that date. Such share capital was transferred to capital reserve following the completion of the group reorganisation as detailed in note 2.

NOTES:

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 March 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on GEM of the Stock Exchange on 14 February 2018. Its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Group, comprising the Company and its subsidiaries is located at Room D, 12/F., Lucky Factory Building, 63-65 Hung To Road, Kwun Tong, Kowloon, Hong Kong (effective from 5 October 2018). The directors consider the ultimate holding company to be the Company's parent company, Advance Goal Group Limited ("**Advance Goal**"), a private company incorporated in the British Virgin Islands ("**BVI**"), of which the Company's directors, Mr. Cheng Tsang Wai ("**Mr. Dick Cheng**"), Mr. Cheng Tsang Fu Dennis ("**Mr. Dennis Cheng**") and Ms. Liu Lee Lee ("**Ms. Lily Liu**") are shareholders.

The Company is an investment holding company. The Company's operating subsidiary is principally engaged in the provision of fitting-out and renovation services.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Prior to the group reorganisation and the Pre-IPO Investment as disclosed in the section headed "History, Reorganisation and Group Structure" of the prospectus of the Company dated 31 January 2018 (the "**Reorganisation**"), Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Lily Liu, beneficially owned 5,500, 3,500 and 1,000 issued share capital of DCB Company Limited ("**DCB**"), the operating subsidiary of the Group, respectively. For the purpose of the listing of the shares of the Company on the Stock Exchange, the Group underwent the Reorganisation as described below.

(i) On 3 January 2017, Multi Rewards Limited ("**Multi Rewards**") was incorporated in the BVI with limited liability with authorised share capital of 50,000 shares of US$1.00 par value of a single class;

(ii) On 20 February 2017, Ms. Cheng Fat Ning Lenda ("**Pre-IPO Investor**"), sister of Mr. Dick Cheng, and Mr. Dennis Cheng, subscribed for and DCB allotted and issued 870 shares for an aggregate consideration of HK$10,000,000;

(iii) On 8 March 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the date of incorporation, one nil-paid share was allotted and issued to the initial subscriber, an independent third party. On the same date, the share was transferred to Advance Goal, a company incorporated in the BVI with limited liability on 3 January 2017 and wholly-owned by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Lily Liu in the ratio of 55%, 35% and 10%, respectively;

(iv) On 16 March 2017, one share in Multi Rewards was allotted and issued to the Company for cash at par;

(v) On 8 June 2017, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Lily Liu transferred their respective shareholding interest in DCB to Multi Rewards in consideration of the Company allotting and issuing 91 shares to Advance Goal credited as fully paid and crediting as fully paid the initial share held by Advance Goal. The basis of consideration of the above transfer is determined with reference to the respective shareholding interests held by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu in DCB; and

(vi) On 8 June 2017, the Pre-IPO Investor transferred the shareholding interest in DCB to Multi Rewards, in consideration of the Company allotting and issuing 8 shares to Active Achievor Limited ("**Active Achievor**"), a company incorporated in the BVI with limited liability on 30 March 2017 and wholly-owned by the Pre-IPO Investor, credited as fully paid. The basis of consideration of the above transfer is determined with reference to shareholding interests held by the Pre-IPO Investor in DCB.

Upon the completion of the Reorganisation on 8 June 2017, the Company became the holding company of the subsidiaries now comprising the Group.

As detailed above, the Reorganisation involves interspersing investment holding companies (including the Company and Multi Rewards) between DCB and its shareholders. Accordingly, the consolidated financial statements have been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group throughout the year ended 31 March 2018.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the year ended 31 March 2018 have been prepared to present the results and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the year ended 31 March 2018 or since the respective dates of incorporation, which is a shorter period.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing on 1 April 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The Group changed its accounting policies following the adoption of HKFRS 9 and HKFRS 15. The other amendments listed above did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations. The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The adoption of HKFRS 15 in the current period resulted in the adjustment for the beginning of financial position at 1 April 2018 as the Group reclassified certain of its assets and liabilities at that date as follows:

At 1 April 2018	**Amount due from customers for contract work (included in current assets)**	**Amount due to customers for contract work (included in current liabilities)**	**Contract assets (included in current assets)**	**Contract liabilities (included in current liabilities)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Opening balance, as originally stated	83,103	7,716	–	–
Reclassification upon application of HKFRS 15	(83,103)	(7,716)	83,103	7,716
Opening balance, as restated	–	–	83,103	7,716

HKFRS 15 requires that revenue from contracts with customers be recognised upon the transfer of control over goods or services to the customer. As such, upon adoption, this requirement under HKFRS 15 resulted in immaterial impact to the consolidated statement of profit or loss and other comprehensive income as the timing of revenue recognition on provision of services to customers is unchanged.

HKFRS 9 "Financial Instruments" and the related amendments

In the current year, the Group has applied HKFRS 9 "Financial Instruments", Amendments to HKFRS 9 "Prepayment Features with Negative Compensation" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities, (ii) expected credit losses ("ECL") for financial assets and other items (for example, contract assets, lease receivables and financial guarantee contracts) and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL trade receivables. Except for those which had been determined as credit impaired under HKAS 39, trade receivables have been assessed individually with outstanding significant balances, the remaining balances are grouped based on past due analysis.

ECL for other financial assets at amortised cost, including bank balances and other receivables, are assessed on 12 months ECL basis as there had been no significant increase in credit risk since initial recognition.

The application of the ECL model under HKFRS 9 has no material impact on impairment loss, if any, to be recognised by the Group as at 1 April 2018 under HKAS 39.

The application of the other new and revised HKFRSs applied in the current year has had no material impact on the Group's financial performance and financial position for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretation that have been issued but not yet effective for the financial year beginning at 1 April 2018 and have not been early adopted by the Group, are as follows:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after a date to be determined
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
5 Effective for annual periods beginning on or after 1 January 2020

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of approximately HK$1,974,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK$509,000 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosures as indicated above.

Except as described above, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, who are also the chief operating decision makers ("**CODM**") and the directors of the operating subsidiary, for the purposes of resource allocation and performance assessment.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

(i) Fitting-out work – refers to works conducted on new buildings.

(ii) Renovation work – refers to works carried out on existing buildings that involve upgrades and/or makeovers and/or demolition of existing works.

Segment revenue and results

The Group provides fitting-out and renovation services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these services based on the completion of the contract using input method. The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 March 2019

	Fitting-out work *HK$'000*	**Renovation work** *HK$'000*	**Total** *HK$'000*
Segment revenue	**208,301**	**116,339**	**324,640**
Segment profit	**26,560**	**3,940**	**30,500**
Unallocated income			**332**
Unallocated expenses			**(17,918)**
Profit before tax			**12,914**

For the year ended 31 March 2018

	Fitting-out work *HK$'000*	Renovation work *HK$'000*	Total *HK$'000*
Segment revenue	156,097	117,593	273,690
Segment profit	19,670	14,555	34,225
Unallocated income			1
Unallocated expenses			(23,555)
Profit before tax			10,671

No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other income, administrative expenses, finance costs and listing expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Geographical information

The Group's revenue was derived from operations in Hong Kong and all of the Group's non-current assets are located in Hong Kong.

5. PROFIT BEFORE TAX

	2019	2018
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging:		
Directors' emolument		
Fees	**216**	27
Salaries, allowances and other benefits	**3,761**	2,534
Discretionary bonus	**1,725**	1,150
Retirement benefit scheme contributions	**54**	50
	5,756	3,761
Other staff costs		
Salaries, allowances and other benefits	**26,732**	17,034
Discretionary bonus	**4,412**	2,562
Retirement benefit scheme contributions	**996**	720
	32,140	20,316
Total staff costs	**37,896**	24,077
Less: amounts included in cost of services	**(27,132)**	(18,153)
Amounts included in administrative expenses	**10,764**	5,924
Auditor's remuneration	**500**	850
Depreciation of plant and equipment	**355**	398
Loss on disposal of plant and equipment	**–**	141
Write-off of other receivable *(Note 9)*	**866**	–

6. INCOME TAX EXPENSE

	2019	2018
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– current year	**2,228**	3,675

Hong Kong Profits Tax is calculated at the rate of 8.25% in the first HK$2,000,000 estimated assessable profit and 16.5% on the remaining amount of the estimated profits for the year (2018: 16.5% of the estimated assessable profit for that year).

7. DIVIDENDS

	2019	2018
	HK$'000	*HK$'000*
Dividends recognised as distribution		
– Final dividend of the Company for the year ended 31 March 2018 at HK1.2 cents per share (2018: Nil)	**3,840**	–
– Interim dividend of DCB for the year ended 31 March 2018 at HK$276 per share to its shareholder prior to the completion of the Reorganisation, settled in cash	**–**	3,000
	3,840	3,000

During the year ended 31 March 2019, the final dividend in respect of the year ended 31 March 2018 of HK1.2 cents in an aggregate amount of HK$3,840,000 was approved by the shareholders in the annual general meeting and paid by the Company.

No interim dividend for the year ended 31 March 2019 was declared by the Company (2018: Nil).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2019 of HK1.2 cents (2018: HK1.2 cents) per ordinary share, in an aggregate amount of HK$3,840,000 (2018: HK$3,840,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

8. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	2019	2018
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of basic earnings per share		
Profit for the year attributable to the owners of the Company	**10,686**	6,996
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**320,000**	250,082

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the years ended 31 March 2019 and 2018 has been determined on the assumption that the Reorganisation set out in note 2 and the capitalisation issue as described in note 14 had been effective on 1 April 2017.

No diluted earnings per share is presented for the years ended 31 March 2019 and 2018 as there were no potential ordinary shares in issue.

9. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables	**6,554**	17,525
Deposits and prepayments	**1,104**	329
Other receivables	**1**	997
Total trade and other receivables	**7,659**	18,851

The Group does not allow any credit period to its customers.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. The majority of the Group's trade receivables that are neither past due nor impaired have good credit quality with reference to respective settlement history. The Group does not hold any collateral over these balances.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

The Group's trade receivables balance as at 31 March 2019 with aggregate carrying amount of HK$6,554,000 (2018: HK$17,525,000) were past due at the reporting date, for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality of the debtors and the amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due based on invoice date but not impaired:

	2019	2018
	HK$'000	*HK$'000*
Overdue:		
0-30 days	**5,001**	15,132
31-60 days	**497**	602
61-90 days	**15**	1,004
Over 90 days	**1,041**	787
	6,554	17,525

No provision for doubtful trade receivables had been recognised as at 31 March 2019 (2018: nil).

Included in other receivables at 31 March 2018 are cash advances to a supplier amounted to HK$866,000 which have been long outstanding. Management is of the view that the recoverability of these payments is remote and considers it appropriate to write off such receivable which was recognised in profit or loss for the current year (Note 5).

10. CONTRACT ASSETS

	2019	2018
	HK$'000	*HK$'000*
Contract assets		
Fitting-out work	**85,563**	–
Renovation work	**34,962**	–
	120,525	–

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are classified to trade receivables when the rights become unconditional.

The Group's contract includes payment schedules which requires stage payments over the contract period once certain specified milestones are reached.

Included in contract assets and contract liabilities at 31 March 2019 are retention held by customers for contract work amounted to a total of HK$26,586,000 (2018: HK$15,623,000 included in amount due from/ to customers for contract work (Note 11)) of which HK$21,873,000 (2018: HK$15,623,000) was expected to be recovered or settled in more than twelve months from the end of the reporting period. The customers of the Group normally hold retention money of typically 5% to 10% of each interim payment, until 5% of a total contract amount is reached. 50% of the retention money is usually released after the issue of the certificate of practical completion and the remaining portion is usually released upon the issue of certificate of making good defects after the expiry of the defect liability period which is typically 12 months or for certain projects 24 months.

Retention money is unsecured, interest free and expected to be realised within the Group's normal operating cycle.

The directors of the Company considered that the expected credit loss for contract assets is insignificant as at 31 March 2019.

11. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	2019	2018
	HK$'000	*HK$'000*
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**–**	682,631
Less: progress billings	**–**	(607,244)
	–	75,387
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**–**	83,103
Amounts due to customers for contract work	**–**	(7,716)
	–	75,387

12. TRADE AND OTHER PAYABLES

	2019	2018
	HK$'000	*HK$'000*
Trade payables	**31,024**	43,440
Accruals	**3,636**	4,688
	34,660	48,128

The ageing analysis of the trade payables based on invoice date at the end of the reporting period is as follows:

	2019	2018
	HK$'000	*HK$'000*
1-30 days	**11,421**	34,370
31-60 days	**2,545**	–
61-90 days	**1,214**	–
Over 90 days	**15,844**	9,070
	31,024	43,440

13. CONTRACT LIABILITIES

	2019	2018
	HK$'000	*HK$'000*
Contract liabilities		
Fitting-out work	**16,777**	–
Renovation work	**9,762**	–
	26,539	–

The Group requires certain customers to provide upfront deposits of 20% of the total contract sum as part of its credit risk management policies. When the Group receives a deposit before the contract work commences, this will give rise to contract liabilities at the start of a contract until the revenue recognised on the relevant contract exceeds the amount of the deposits.

14. SHARE CAPITAL

Details of the Company's shares are set out as follows:

	Number of shares	Amount	
		HK$	*HK$'000*
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 April 2017	38,000,000	380,000	380
Increased in authorised share capital on 19 January 2018 *(Note i)*	9,962,000,000	99,620,000	99,620
At 31 March 2018 and 31 March 2019	10,000,000,000	100,000,000	100,000
Issued and fully paid:			
At 1 April 2017	1	0.01	–
Issue of shares on 8 June 2017 *(Note ii)*	99	0.99	–
Capitalisation issue *(Note iii)*	239,999,900	2,399,999	2,400
Issue of shares *(Note iv)*	80,000,000	800,000	800
At 31 March 2018 and 31 March 2019	320,000,000	3,200,000	3,200

Notes:

(i) Pursuant to the written resolutions passed by the sole shareholder of the Company on 19 January 2018, the authorised share capital was increased to HK$100,000,000 divided into 10,000,000,000 shares by the creation of additional 9,962,000,000 shares of HK$0.01 each.

(ii) As part of the Reorganisation as described in note 2, 99 additional shares were issued as fully paid on 8 June 2017, in which 91 shares were allotted to Advance Goal while 8 shares were allotted to Active Achievor.

(iii) On 19 January 2018, the Company has approved the issuance of 239,999,900 shares standing to the credit of the share premium account of the Company conditional upon the share premium account of the Company being credited as a result of the allotment and issue of the shares of the Company pursuant to the public offering and placing.

(iv) On 14 February 2018, the Company issued 80,000,000 new shares at HK$0.75 per share for a total gross proceeds of approximately HK$60,000,000 by way of initial public offering of the Company on the Stock Exchange. The proceeds to the extent of HK$800,000 which represent the par value of the shares of the Company, were credited to the Company's share capital, with the remaining amount of HK$59,200,000 were credited to share premium account of the Company. On the same date, the Company's shares were listed on GEM of the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group is principally engaged in the provision of fitting-out and renovation services in the private sector in Hong Kong. The Group's clientele comprises (i) property developers, some of which are (or whose holding companies are) listed on the Stock Exchange; (ii) main contractors or direct contractors of the fitting-out and renovation projects; and (iii) owners or tenants of properties.

The Group's fitting-out and renovation services mainly include provision of fitting-out and renovation solutions for different types of premises in the private sector, including residential apartments and residential dwellings, show flats, clubhouses, sales office, public area in residential and commercial buildings, offices, shopping malls and shops in Hong Kong.

As the works' project manager and principal coordinator, the Group was responsible for the overall implementation of projects that included planning, coordinating, monitoring and supervising the project from the commencement of service to the delivery of certificate of completion, and follow up on rectification of defects during the defect liability period, among other things.

During the Year, the Group was awarded a total of 8 projects (2018: 12 projects) each with contract sum over HK$1 million, which comprised 4 fitting-out projects and 4 renovation projects (2018: 7 fitting-out projects and 5 renovation projects) with a total contract sum of approximately HK$269.5 million (2018: 330.4 million).

Out of these 8 projects (2018: 12 projects), 6 projects (2018: 8 projects) each with a contract sum over HK$10 million contributed a revenue of approximately HK$98.2 million for the Year (2018: 127.5 million).

Looking forward, the Group will continue to focus on the development of the sector of large-size and high-end fitting-out and renovation works.

Financial Review

Revenue

The Group's revenue is principally generated from provision of fitting-out and renovation services to its customers.

For the Year under review, the Group's revenue was approximately HK$324.6 million, representing an increase of approximately 18.6% as compared to the revenue of approximately HK$273.7 million for the Previous Year. Such increase was mainly attributable to an increase in revenue from fitting-out work of approximately HK$52.2 million, or approximately 33.4%, and partially offset by a decrease in revenue from renovation works of approximately HK$1.3 million, or approximately 1.1% for the Year. The increase in revenue from fitting-out work for the Year was mainly driven by revenue contributed by some of the large-scaled fitting-out projects in Repluse Bay, Shek O, Tsuen Wan, Jardine's Lookout and Pok Fu Lam, which contributed an aggregate revenue of approximately HK$160.8 million for the Year.

Cost of Services and Gross Profit

The Group's cost of services mainly comprised subcontracting costs, material costs and direct staff costs; the increase in cost of services was generally in line with the rise in revenue for the Year.

The overall gross profit decreased by approximately HK$3.7 million or 10.9% from approximately HK$34.2 million for the Previous Year to approximately HK$30.5 million for the Year, which was primarily attributable to the decrease in gross profit of renovation work from approximately HK$14.6 million for the Previous Year to approximately HK$3.9 million for the Year; and partially offset by the increase in gross profit of fitting-out work from approximately HK$19.7 million for the Previous Year to approximately HK$26.6 million for the Year.

The increases in gross profit of the fitting-out work was generally in line with the growth of revenue from fitting-out work during the Year. The decreased in gross profit of the renovation work was mainly attributable to an increase in cost of services of renovation work from approximately HK$103.0 million for the Previous Year to HK$112.4 million for the Year despite of the decrease in revenue of the renovation work for the Year. The Group's gross profit margin for the Year decreased to approximately 9.4% from approximately 12.5% for the Previous Year mainly due to better gross profit margin for certain fitting-out projects undertaken during the Previous Year and cost overrun of certain renovation projects and increase in direct staff costs during the Year.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK$17.7 million and approximately HK$10.7 million for the years ended 31 March 2019 and 2018 respectively, representing an increase of approximately 65.4%. Such increase was primarily due to the increase in staff costs, rent and rates and legal and professional fees for the Year by approximately HK$4.4 million, HK$1.2 million and HK$1.2 million, respectively.

Income Tax Expense

Income tax expense of the Group for the Year was approximately HK$2.2 million (2018: HK$3.7 million) and such decrease was consistent with the decrease in assessable profits for the Year as compared to the Previous Year. Listing expenses incurred in the Previous Year were not deductible for tax purpose.

Profit and Total Comprehensive Income for the Year

Profit and total comprehensive income for the Year attributable to the owners of the Company increased by approximately HK$3.7 million or 52.7% from approximately HK$7.0 million for the Previous Year to approximately HK$10.7 million for the Year. Such increase was primarily attributable to the decrease in listing expenses incurred by the Group in the Previous Year for its listing exercise which had been completed in the Previous Year and partially offset by the decrease in gross profit and increase administrative expenses incurred by the Group for the Year.

The profit and total comprehensive income of HK$10.7 million for the Year represented a decrease of approximately 45% as compared to that of HK19.4 million (excluding the one-off non-recurring listing expenses) for the Previous Year.

Borrowing Facilities

As at 31 March 2019, the Group has obtained credit facilities from banks up to a maximum amount of approximately HK$66.9 million (2018: HK$59.1 million), which include, but not limited to, revolving loan, overdraft, term loan and bank guarantee. There was no outstanding bank loan as at 31 March 2019 (2018: HK$2.2 million). As at 31 March 2018, out of total banking facilities, term loan of HK$2.2 million was outstanding and repayable within one year. The bank borrowings were denominated in Hong Kong dollars and carried at variable rate of Hong Kong Inter-bank Offered Rate ("**HIBOR**") + 2.5%. As at 31 March 2019, the total value of guarantees under surety bonds issued in favour of the Group's customers amounted to approximately HK$37.7 million (2018: HK$31.7 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group practiced prudent financial management and maintained a strong and sound financial position during the year ended 31 March 2019. As at 31 March 2019, the Group had bank balances and cash of approximately HK$21.7 million (2018: HK$45.9 million). The decrease in bank balances and cash was mainly due to the (i) increase in pledged bank deposits of HK$6.0 million; (ii) net cash used in operating activities of approximately HK$11.4 million; and (iii) net cash used in financing activities of approximately HK$6.8 million for the Year. As at 31 March 2019, the Group's bank balances and cash, except a small aggregate amount of approximately HK$118,000 (2018: HK$109,000) in foreign currencies including Renminbi and United States dollars, were held in Hong Kong dollars. The current ratio improved from approximately 2.5 time as at 31 March 2018 to 2.6 time as at 31 March 2019. The gearing ratio, calculated based on the total borrowings divided by total equity at the end of the year and multiplied by 100%, decreased from approximately 2.5% as at 31 March 2018 to zero as at 31 March 2019 due to settlement of the term loan. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

CAPITAL STRUCTURE

As at 31 March 2018 and 2019, the Company's issued share capital was HK$3,200,000 and the number of its issued ordinary shares was 320,000,000 of HK$0.01 each.

FOREIGN EXCHANGE EXPOSURE AND TREASURY POLICY

The Group's core business operation is in Hong Kong and its assets are principally in Hong Kong. Hence, the Group is not exposed to significant foreign exchange risk as the majority of its business transactions are denominated in Hong Kong dollars (being the functional currency of the Group) and there were only insignificant balances of financial assets that were denominated in foreign currency as at 31 March 2019.

The Group does not have a foreign currency hedging policy. The Group will continue to monitor its foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

As at 31 March 2019, the Group had bank deposits amounted to approximately HK$6.0 million (2018: nil) which were pledged to secure banking facilities granted to the Group.

SURETY BOND AND CONTINGENT LIABILITY

Certain customers of construction contracts undertaken by the Group require a group entity to issue guarantees for performance of contract works in the form of surety bonds.

At the end of the reporting period, the Group had outstanding performance bonds as follows:

	2019	2018
	HK$'000	*HK$'000*
Issued by banks	**37,684**	31,677

CAPITAL COMMITMENTS

As at 31 March 2018 and 2019, the Group did not have any significant capital commitments.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

The Group did not have any other plans for material investment and capital assets as at 31 March 2019.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2019.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, the Group employed a total of 72 employees (2018: 65 employees). The staff costs, including directors' emoluments, of the Group were approximately HK$37.9 million for the year ended 31 March 2019 (2018: approximately HK$24.1 million). 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 discretionary bonuses were offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group. The Group operates a defined contribution mandatory provident fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of its employees in Hong Kong in accordance with the rules of the MPF Scheme.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the year ended 31 March 2019.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 31 January 2018 (the "**Prospectus**") with the Group's actual business progress for the period from the Listing Date (14 February 2018) to 31 March 2019 (the "**Period**") is set out below:

Business objectives	**Actual progress**
Expand the Group's business in the fitting-out and renovation industry	
Payment of upfront costs for new projects	Upfront costs have been paid for certain projects obtained during the Period. Remaining upfront costs will be utilised for new projects in future.
Rental of additional office space	The Group has leased a suitable office space for expansion.
Purchase two new vehicles	The Group had purchased two new vehicles.
Purchase new computer hardware and software	The Group is at the stage of sourcing new computer equipment.
Further expand our in-house team and capacity to cope with future business opportunities	
Recruit new staff	The Group had hired one project manager, three assistant project managers, two quantity surveyors and two site supervisors.
Provide additional external training to staff	The Group is in the process of identifying suitable trainings to the staff.
Reduce gearing ratio by repaying bank borrowings	
Repayment of loans	The Group has repaid the bank borrowings of HK$6.4 million to reduce gearing ratio. Out of the total sum, approximately HK$6.3 million was repaid by the listing proceeds and the remaining balance of approximately HK$0.1 million was repaid by internal resources.

USE OF LISTING PROCEEDS

The net proceeds from the Listing, after deducting listing related expenses, were approximately HK$36.4 million. After the Listing, these proceeds were used for the purposes in accordance with the "Future Plans and Use of Proceeds" as set out in the Prospectus. The unutilised amount out of the planned amount of the net proceeds from the Listing as at 31 March 2019 was approximately HK$2.4 million.

An analysis of the planned amount utilised up to 31 March 2019 is set out below:

	Planned amount utilised up to 31 March 2019	**Actual utilised amount as at 31 March 2019**	**Unutilised amount out of the planned amount as at 31 March 2019**
	HK$'000	*HK$'000*	*HK$'000*
Expand the Group's business in the fitting-out and renovation industry *(Note i)*	16,659	14,928	1,731
Further expand our in-house team and capacity to cope with future business opportunities *(Note ii)*	3,699	2,999	700
Reduce gearing ratio by repaying bank borrowings	6,297	6,297	–
General working capital	3,531	3,531	–
Total	30,186	27,755	2,431

Notes:

(i) The actual use of proceeds for expand the Group's business in the fitting-out and renovation industry was approximately HK$14.9 million which is less than the planned amount of HK$16.7 million. This is because the Group has obtained deposits from customers on certain projects and hence the actual upfront costs are less than expected.

(ii) The actual use of proceeds for further expand in-house team and capacity to cope with future business opportunities was approximately HK$3.0 million which is less than the planned amount of HK$3.7 million. This is mainly because the Group is in the progress of hiring more suitable staffs.

The Group held the unutilised net proceeds mainly as interest bearing deposits with a licensed bank in Hong Kong.

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Board and the management of the Company are committed to the maintenance of good corporate governance, practices and procedures. The Company believes that good corporate governance provides a solid foundation for the Group to manage business risks and is also one of the key factors leading to the success of the Company so as to balance the interests of shareholders, customers and employees. The Board is devoted to ongoing enhancements and review of the efficiency and effectiveness of such principles and practices to ensure that all of them are in line with corporate governance best practices.

During the year ended 31 March 2019, the Board considers that the Company has complied with all the corporate governance codes (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT REGARDING DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company during the Year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATE CORPORATIONS

As at 31 March 2019, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in the ordinary shares and underlying shares of the Company

Name	Capacity/ Nature of interest	Interests in Shares	Approximate percentage shareholding
Mr. Cheng Tsang Wai	Interest in controlled corporation *(Note 1)*	214,400,000	67%
Mr. Cheng Tsang Fu Dennis	Interest in controlled corporation *(Note 1)* / interest of spouse *(Note 2)*	214,400,000	67%
Ms. Liu Lee Lee Lily	Interest in controlled corporation *(Note 1)* / interest of spouse *(Note 2)*	214,400,000	67%

Notes:

(1) The entire issued share capital of Advance Goal Group Limited ("**Advance Goal**") is legally and beneficially owned as to 55%, 35% and 10% by Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily, respectively. Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily are parties acting in concert. Accordingly, Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily are deemed to be collectively interested in 214,400,000 Shares held by Advance Goal by virtue of the SFO.

(2) Each of Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily is spouse to each other. Therefore, Mr. Cheng Tsang Fu Dennis is deemed to be interested in Shares held by Ms. Liu Lee Lee Lily, and vice versa, pursuant to the SFO.

Saved as disclosed above, as at 31 March 2019, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 31 March 2019, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations" above, the following person has an interest or short position in the shares or underlying shares of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the issued shares of the Company are listed as follows:

Long position in the ordinary shares and underlying shares of the Company

Name of shareholder	Capacity/ Nature of interest	Number of ordinary shares held	Approximate percentage shareholding
Advance Goal *(Note 1)*	Beneficial owner	214,400,000	67%
Ms. Chow Siu Shan Juliana *(Note 2)*	Interest of spouse	214,400,000	67%
Active Achievor Limited	Beneficial owner	19,200,000	6%
Ms. Cheng Fat Ning Lenda *(Note 3)*	Interest in controlled corporation	19,200,000	6%

Notes:

(1) The entire issued share capital of Advance Goal is legally and beneficially owned as to 55%, 35% and 10% by Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily, respectively. Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily are parties acting in concert. Accordingly, Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis, Ms. Liu Lee Lee Lily are deemed to be collectively interested in 214,400,000 Shares held by Advance Goal by virtue of the SFO.

(2) Ms. Chow Siu Shan Juliana is the spouse of Mr. Cheng Tsang Wai. Under the SFO, Ms. Chow Siu Shan Juliana is deemed to be interested in the 214,400,000 Shares owned by Mr. Cheng Tsang Wai through Advance Goal.

(3) Active Achievor Limited is wholly-owned by Ms. Cheng Fat Ning Lenda. Accordingly, Ms. Cheng Fat Ning Lenda is deemed to be interested in all the Shares held by Active Achievor Limited.

Saved as disclosed above, as at 31 March 2019, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations" above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued shares of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES OR DEBENTURE

Other than as disclosed under the section "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations" above, at no time during the Year was the Company or any of its subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

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 shares during the Year.

COMPETITION AND CONFLICT OF INTERESTS

Each of the controlling shareholders (as defined under the GEM Listing Rules) of the Company entered into a deed of non-competition dated 19 January 2018 in favour of the Company (the "**Deed of Non-competition**"). Details of the Deed of Non-competition are set out in the section headed "Relationship with our Controlling Shareholders" in the Prospectus.

During the Year, none of the directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group.

The Company has received the confirmation from the controlling shareholders in respect of their compliance with the terms of the Deed of Non-competition for the Year. The independent non-executive Directors had reviewed and confirmed that, having made such reasonable enquiries with the controlling shareholders and reviewed such documents as they considered appropriate, nothing has come to their attention that causes them to believe that the terms of the Deed of Non-competition had not been complied with by the controlling shareholders during the Year and the Deed of Non-competition has been enforced by the Company in accordance with its terms for the Year.

INTEREST OF COMPLIANCE ADVISER

As notified by Halcyon Capital Limited, the compliance adviser of the Company, save for the compliance adviser agreement entered into between the Company and Halcyon Capital Limited dated 21 June 2017, neither Halcyon Capital Limited nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of Halcyon Capital Limited had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company established the audit committee on 19 January 2018 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. The terms of reference setting out the audit committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The audit committee has three members comprising the three independent non-executive Directors, namely Mr. Cheung Kwok Keung, Mr. Chak Chi Man and Mr. Chu Wai Wa Fangus. The chairman of the audit committee is Mr. Cheung Kwok Keung. The Group's annual results for the year ended 31 March 2019 have been reviewed by the audit committee.

SCOPE OF WORK OF MESSRS. CCTH CPA LIMITED

The figures in respect the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by CCTH CPA 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 CCTH CPA Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting ("**AGM**") of the Company will be held on 5 August 2019 (Monday), at 11:00 a.m., at Ching Room II, 4/F Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong. A notice convening the AGM will be published and despatched to the shareholders of the Company in the manner required by the GEM Listing Rules in due course.

DIVIDENDS

The Board is pleased to share the Group's performance with the shareholders of the Company and recommends the payment of a final dividend for the year ended 31 March 2019 of HK1.2 cents per share amounting to HK$3,840,000.

The payment of the proposed final dividend is subject to approval by shareholders at the AGM. The final dividend is payable to the shareholders whose names appear on the register of members of the Company at Tuesday, 13 August 2019 and expected to be paid on Tuesday, 3 September 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 31 July 2019 to Monday, 5 August 2019 (both days inclusive), during which period no transfer of shares will be registered. In order to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited (the "**Hong Kong Share Registrar**"), at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 30 July 2019.

The register of members of the Company will be closed from Friday, 9 August 2019 to Tuesday, 13 August 2019 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Hong Kong Share Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 8 August 2019.

PUBLICATION OF 2019 ANNUAL REPORT

The 2019 annual report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at www.dcb.com.hk in due course.

By order of the Board
DCB Holdings Limited
Cheng Tsang Fu Dennis
Chief Executive Officer and
Executive Director

Hong Kong, 17 June 2019

As at the date of this announcement, the executive Directors are Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily; and the independent non-executive Directors are Mr. Cheung Kwok Keung, Mr. Chak Chi Man and Mr. Chu Wai Wa Fangus.

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 Company Announcements" page on the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company's website at www.dcb.com.hk.