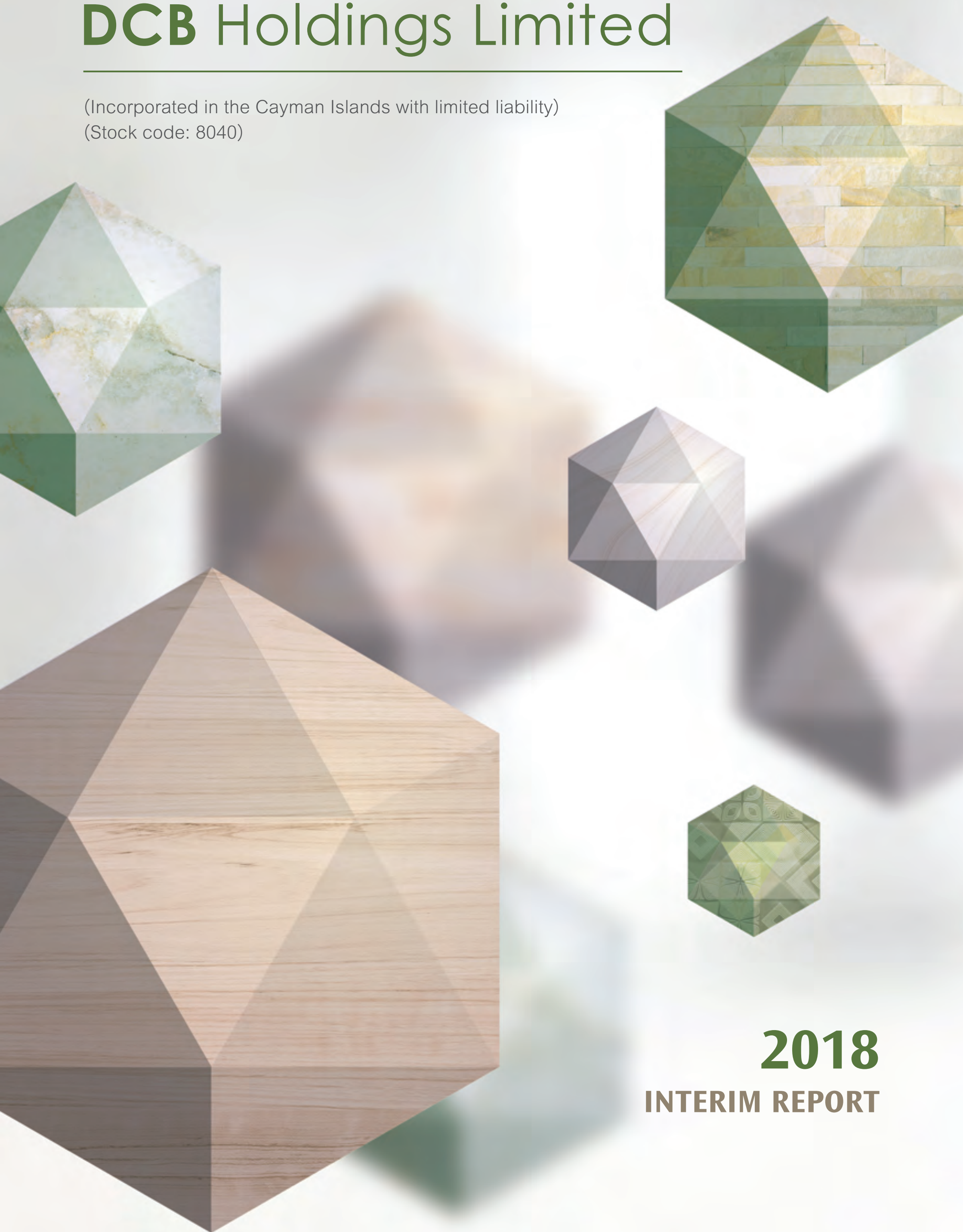
# DCB Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8040)



# 2018
## INTERIM REPORT

## 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.**

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*This report, 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 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.*

## UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

The board of Directors (the "Board") of the Company is pleased to present the unaudited condensed consolidated results of the Group for the six months ended 30 September 2018 (the "Period"), together with the unaudited comparative figures for the corresponding period in 2017, as follows:

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

*For the three months and six months ended 30 September 2018*

| | | Three months ended 30 September | | Six months ended 30 September | |
|---|---|---|---|---|---|
| | | **2018** | 2017 | **2018** | 2017 |
| | | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| | *Notes* | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| Revenue | *4* | **79,702** | 77,618 | **141,304** | 130,006 |
| Cost of services | | **(70,547)** | (70,116) | **(125,604)** | (116,815) |
| Gross profit | | **9,155** | 7,502 | **15,700** | 13,191 |
| Other income | *5* | **67** | – | **73** | 1 |
| Administrative expenses | | **(4,227)** | (2,426) | **(7,827)** | (4,608) |
| Finance costs | *6* | **(58)** | (66) | **(76)** | (121) |
| Listing expenses | | **–** | (799) | **–** | (8,677) |
| Profit/(Loss) before tax | *7* | **4,937** | 4,211 | **7,870** | (214) |
| Income tax expenses | *8* | **(900)** | (788) | **(1,280)** | (1,362) |
| Profit/(Loss) and total comprehensive income/(expenses) for the period | | **4,037** | 3,423 | **6,590** | (1,576) |
| Earnings/(Loss) per share | | | | | |
| Basic *(HK cents)* | *10* | **1.26** | 1.43 | **2.06** | (0.66) |

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 September 2018*

| | Notes | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|---|
| **Non-current asset** | | | |
| Plant and equipment | 11 | **1,025** | 1,152 |
| **Current assets** | | | |
| Trade and other receivables | 12 | **22,587** | 18,851 |
| Contract assets | 13 | **123,456** | – |
| Amounts due from customers for contract work | 14 | **–** | 83,103 |
| Bank balance and cash | | **17,053** | 45,885 |
| | | **163,096** | 147,839 |
| **Current liabilities** | | | |
| Trade and other payables | 15 | **32,975** | 48,128 |
| Contract liabilities | 13 | **18,192** | – |
| Amounts due to customers for contract work | 14 | **–** | 7,716 |
| Borrowings | 16 | **18,000** | 2,223 |
| Tax payable | | **2,185** | 905 |
| | | **71,352** | 58,972 |
| **Net current assets** | | **91,744** | 88,867 |
| Total assets less current liabilities | | **92,769** | 90,019 |
| **Non-current liability** | | | |
| Other non-current liabilities | | **258** | 258 |
| **Net assets** | | **92,511** | 89,761 |
| **Capital and reserves** | | | |
| Share capital | 17 | **3,200** | 3,200 |
| Reserves | | **89,311** | 86,561 |
| Total equity | | **92,511** | 89,761 |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 September 2018*

| | Share capital HK$'000 | Share premium HK$'000 | Capital reserve HK$'000 | Retained profits HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|
| At 1 April 2017 (Audited) | 10,010 | – | – | 24,458 | 34,468 |
| Profit and total comprehensive income for the period | – | – | – | (1,576) | (1,576) |
| Dividends recognised as distribution *(Note 9)* | – | – | – | (3,000) | (3,000) |
| Effect of group reorganisation *(Note)* | (10,010) | – | 10,010 | – | – |
| **At 30 September 2017 (Unaudited)** | – | – | 10,010 | 19,882 | 29,892 |
| At 1 April 2018 (Audited) | **3,200** | **48,097** | **10,010** | **28,454** | **89,761** |
| Profit and total comprehensive income for the period | **–** | **–** | **–** | **6,590** | **6,590** |
| Dividends recognised as distribution *(Note 9)* | **–** | **–** | **–** | **(3,840)** | **(3,840)** |
| **At 30 September 2018 (Unaudited)** | **3,200** | **48,097** | **10,010** | **31,204** | **92,511** |

*Note:* The amount arising from the group reorganisation in relation to the allotments and issue of share capital of the Company as detailed in Note 2.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

*For the six months ended 30 September 2018*

| | Six months ended 30 September | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| OPERATING ACTIVITIES | | |
| Profit/(Loss) before tax: | **7,870** | (214) |
| Adjustments for: | | |
| Finance costs | **76** | 121 |
| Depreciation of plant and equipment | **178** | 199 |
| Loss on disposal of plant and equipment | **–** | 141 |
| Interest income | **(15)** | (1) |
| Operating cash flows before movements in working capital | **8,109** | 246 |
| Increase in trade and other receivables | **(3,736)** | (87) |
| Increase in contract assets and amounts due from customers for contract work | **(40,353)** | (43,978) |
| (Decrease)/Increase in trade and other payables | **(15,153)** | 24,936 |
| Increase in contract liabilities and amounts due to customers for contract work | **10,476** | 6,678 |
| NET CASH USED IN OPERATING ACTIVITIES | **(40,657)** | (12,205) |
| INVESTING ACTIVITIES | | |
| Interest received | **15** | 1 |
| Purchase of plant and equipment | **(51)** | (118) |
| Advance to immediate holding company | **–** | (3,185) |
| NET CASH USED IN INVESTING ACTIVITIES | **(36)** | (3,302) |

| | Six months ended 30 September | |
|---|---|---|
| | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) |
| FINANCING ACTIVITIES | | |
| New bank loans raised | **18,000** | 20,446 |
| Repayments of borrowings | **(2,223)** | (18,500) |
| Interest paid | **(76)** | (121) |
| Dividends paid | **(3,840)** | – |
| NET CASH FROM FINANCING ACTIVITIES | **11,861** | 1,825 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | **(28,832)** | (13,682) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | **45,885** | 22,988 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD represented by bank balances and cash | **17,053** | 9,306 |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL

DCB Holdings Limited (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 of Hong Kong Limited (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 address of its principal place of business is located at Room D, 12/F, Lucky Factory Building, 63-65 Hung To Road, Kwun Tong, Kowloon, Hong Kong. Its parent company is Advance Goal Group Limited ("Advance Goal"), a private company incorporated in the British Virgin Islands ("BVI"). Its ultimate controlling parties are Advance Goal, Mr. Cheng Tsang Wai ("Mr. Dick Cheng"), Mr. Cheng Tsang Fu Dennis ("Mr. Dennis Cheng") and Ms. Liu Lee Lee ("Ms. Lily Liu").

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 unaudited consolidated financial statements of the Group for the six months ended 30 September 2018 are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and its subsidiaries (collectively referred to as "the Group").

## 2. BASIS OF PREPARATION AND PRESENTATION OF THE UNAUDITED CONDENSED 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, DCB, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Lily Liu entered into a subscription agreement with Ms. Cheng Fat Ning Lenda ("Pre-IPO Investor"), sister of Mr. Dick Cheng and Mr. Dennis Cheng, and sister-in-law to Ms. Lily Liu, pursuant to which 870 shares of DCB were allotted and issued to the Pre-IPO Investor for a total cash consideration of HK$10,000,000;

## 2. REORGANISATION AND BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS (continued)

(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 details above, the Reorganisation involves interspersing investment holding companies (including the Company and Multi Rewards) between DCB and its shareholders. Accordingly, the unaudited condensed 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.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The preparation of the unaudited condensed consolidated financial statements in conformity with the HKFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise their judgements in the process of applying the Group's accounting policies.

The unaudited condensed consolidated financial statements have not been reviewed by the Company's auditor, but have been reviewed by the Company's audit committee.

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

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 March 2018 except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA for the first time for the current period's condensed consolidated financial statements.

(a) The following new and revised standards have been adopted by the Group for the first time for the financial period beginning on or before 1 January 2018:

| | |
|---|---|
| HKFRS 9 | Financial Instruments |
| HKFRS 15 | Revenue from Contracts with Customers and the related Amendments |
| 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 |

The adoption of the above HKFRSs did not have any significant financial impact on the unaudited condensed consolidated financial statements.

**HKFRS 15 "Revenue from Contracts with Customers"**

HKFRS 15 and the related clarification to HKFRS 15 (hereinafter referred to as "HKFRS 15") presents new requirements for the recognition of revenue, replacing HKAS 18 "Revenue", HKAS 11 "Construction Contracts", and several revenue-related Interpretations. HKFRS 15 establishes a single comprehensive model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or overtime. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.

HKFRS 15 has been applied retrospectively without restatement, with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained profits at 1 January 2018. In accordance with the transition guidance, HKFRS 15 has only been applied to contracts that are incomplete as at 1 January 2018.

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

**HKFRS 15 "Revenue from Contracts with Customers" (continued)**

In summary, the following reclassification was made to the amounts recognised in the condensed consolidated statement of financial position at the date of initial application (i.e. 1 April 2018):

| | Carrying amount as at 31 March 2018 under HKAS 18 | Reclassification | Carrying amount as at 1 April 2018 under HKFRS 15 |
|---|---|---|---|
| | *HK$'000* | *HK$'000* | *HK$'000* |
| | (Audited) | | (Unaudited) |
| **Current assets** | | | |
| Amounts due from customers for contract work | 123,456 | (123,456) | – |
| Contract assets | – | 123,456 | 123,456 |
| **Current liabilities** | | | |
| Amounts due to customers for contract work | 18,192 | (18,192) | – |
| Contract liabilities | – | 18,192 | 18,192 |

Contract assets are rights to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditional on something other than the passage of time.

Contract liabilities are obligations to transfer goods or services to a customer for which the Group has received consideration, or for which an amount of consideration is due from the customer.

The adoption of HKFRS 15 has no material impact on the Group's condensed consolidated statement of profit or loss.

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

**HKFRS 9 "Financial instruments"**

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an "expected credit loss" model for the impairment of financial assets.

When adopting HKFRS 9, the Group has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of HKFRS 9 in relation to classification, measurement and impairment are recognised in retained profits.

The adoption of HKFRS 9 has impacted the following areas:

- for trade receivables, retention receivables and contract assets, the Group applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing cost; and

- for available-for-sale financial asset under HKAS 39 has been reclassified as financial asset at fair value through profit or loss under HKFRS 9. Fair value changes previously accounted for in other comprehensive income has transferred to the opening balance of retained profits as at 1 April 2018.

(b) The following new standards and revisions to standards have been issued, but are not effective and have not been early adopted by the Group:

| | |
|---|---|
| HKFRS 17 | Insurance Contracts[3] |
| HK(IFRIC) – Int 23 | Uncertainty over Income Tax Treatments[1] |
| 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 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. REVENUE AND SEGMENT INFORMATION

### Segment revenue and results

Information reported to the executive directors of the Company, who are also the chief operating decision maker ("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.

The following is an analysis of the Group's revenue and results by reportable and operating segment.

| | Three months ended | | | | | |
|---|---|---|---|---|---|---|
| | 30 September 2018 | | | 30 September 2017 | | |
| | Fitting-out work | Renovation work | Total | Fitting-out work | Renovation work | Total |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Segment revenue | 56,694 | 23,008 | 79,702 | 47,506 | 30,112 | 77,618 |
| Segment profit | 6,696 | 2,459 | 9,155 | 6,536 | 966 | 7,502 |
| Unallocated income | | | 67 | | | – |
| Unallocated expenses | | | (4,285) | | | (3,291) |
| Profit before tax | | | 4,937 | | | 4,211 |

| | Six months ended | | | | | |
|---|---|---|---|---|---|---|
| | 30 September 2018 | | | 30 September 2017 | | |
| | Fitting-out work | Renovation work | Total | Fitting-out work | Renovation work | Total |
| | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 | HK$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Segment revenue | 101,541 | 39,763 | 141,304 | 87,486 | 42,520 | 130,006 |
| Segment profit | 12,149 | 3,551 | 15,700 | 10,916 | 2,275 | 13,191 |
| Unallocated income | | | 73 | | | 1 |
| Unallocated expenses | | | (7,903) | | | (13,406) |
| Profit/(Loss) before tax | | | 7,870 | | | (214) |

## 4. REVENUE AND SEGMENT INFORMATION (continued)

No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the chief operating decision maker ("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 is all derived from operations in Hong Kong and the Group's non-current assets are all located in Hong Kong.

## 5. OTHER INCOME

| | Three months ended 30 September | | Six months ended 30 September | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| Bank interest income | **9** | – | **15** | 1 |
| Others | **58** | – | **58** | – |
| | **67** | – | **73** | 1 |

## 6. FINANCE COSTS

Finance costs represent interest on bank borrowings.

## 7. PROFIT/(LOSS) BEFORE TAX

| | Three months ended 30 September | | Six months ended 30 September | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| Profit/(loss) before tax has been arrived at after charging: | | | | |
| Directors' emolument | | | | |
| Fees | **54** | – | **108** | – |
| Salaries, allowances and other benefits | **854** | 560 | **1,705** | 1,121 |
| Discretionary bonus | **165** | 171 | **330** | 343 |
| Retirement benefit scheme contributions | **13** | 12 | **27** | 24 |
| | **1,086** | 743 | **2,170** | 1,488 |
| Other staff costs | | | | |
| Salaries, allowances and other benefits | **6,185** | 3,812 | **11,580** | 7,220 |
| Discretionary bonus | **2,509** | 799 | **2,959** | 1,188 |
| Retirement benefit scheme contributions | **164** | 159 | **460** | 303 |
| | **8,858** | 4,770 | **14,999** | 8,711 |
| Total staff costs | **9,944** | 5,513 | **17,169** | 10,199 |
| Less: amounts included in cost of services | **(7,439)** | (4,116) | **(12,734)** | (7,624) |
| Amounts included in administrative expenses | **2,505** | 1,397 | **4,435** | 2,575 |
| Auditor's remuneration | **212** | 212 | **425** | 425 |
| Depreciation of plant and equipment | **56** | 93 | **178** | 199 |
| Loss on disposal of plant and equipment | **–** | 141 | **–** | 141 |

## 8. INCOME TAX EXPENSES

| | Three months ended 30 September | | Six months ended 30 September | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| Hong Kong profit tax | | | | |
| – current period | **900** | 788 | **1,280** | 1,362 |

Hong Kong Profits Tax has been provided at the rate of 8.25% on the first HK$2,000,000 of the estimated assessable profits and 16.5% on the remaining amount of the estimated assessable profits for the Period (six months ended 30 September 2017: 16.5% on the estimated assessable profits).

## 9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2018.

During the six months ended 30 September 2017, DCB declared dividends of HK$276 per share amounting to HK$3,000,000 to its shareholders and settled through cash in January 2018.

A final dividend in respect of the year ended 31 March 2018 of HK1.2 cents per ordinary share, in an aggregate amount of HK$3,840,000, has been approved by the shareholders of the Company in the annual general meeting and paid during the six months ended 30 September 2018.

## 10. EARNINGS/(LOSS) PER SHARE

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

| | Three months ended 30 September | | Six months ended 30 September | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| Earnings: | | | | |
| Earnings for the purpose of basic earnings per share (profit for the period attributable to the owners of the Company) | **4,037** | 3,423 | **6,590** | (1,576) |
| | ***'000*** | *'000* | ***'000*** | *'000* |
| Number of shares: | | | | |
| Number of ordinary shares for the purpose of basic earnings per share | **320,000** | 240,000 | **320,000** | 240,000 |

The number of ordinary shares for the purpose of calculating basic loss per share for period ended 30 September 2017 has been determined on the assumption that the Reorganisation set out in Note 2 and the issue of 239,999,900 ordinary shares pursuant to the capitalisation issue as referred to the section headed "Share Capital" in the Prospectus has been effective on 1 April 2017.

No diluted earnings/(loss) per share are presented as there were no potential ordinary shares in issue.

## 11. PLANT AND EQUIPMENT

| | Furniture and equipment *HK$'000* | Decoration *HK$'000* | Motor vehicles *HK$'000* | Total *HK$'000* |
|---|---|---|---|---|
| **Audited** | | | | |
| COST | | | | |
| As at 1 April 2017 | 445 | 900 | 1,611 | 2,956 |
| Additions | 253 | 60 | 295 | 608 |
| Disposals | (358) | (900) | – | (1,258) |
| As at 31 March 2018 | 340 | 60 | 1,906 | 2,306 |
| DEPRECIATION | | | | |
| As at 1 April 2017 | 227 | 900 | 746 | 1,873 |
| Provided for the year | 62 | 9 | 327 | 398 |
| Eliminated on disposals | (217) | (900) | – | (1,117) |
| As at 31 March 2018 | 72 | 9 | 1,073 | 1,154 |
| CARRYING VALUE | | | | |
| As at 31 March 2018 | 268 | 51 | 833 | 1,152 |
| **Unaudited** | | | | |
| COST | | | | |
| As at 1 April 2018 | 340 | 60 | 1,906 | 2,306 |
| Additions | 18 | – | 33 | 51 |
| As at 30 September 2018 | 358 | 60 | 1,939 | 2,357 |
| DEPRECIATION | | | | |
| As at 1 April 2018 | 72 | 9 | 1,073 | 1,154 |
| Provided for the period | 48 | 6 | 124 | 178 |
| As at 30 September 2018 | 120 | 15 | 1,197 | 1,332 |
| CARRYING VALUE | | | | |
| As at 30 September 2018 | 238 | 45 | 742 | 1,025 |

## 12. TRADE AND OTHER RECEIVABLES

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| Trade receivables | **20,507** | 17,525 |
| Deposits and prepayments | **1,123** | 329 |
| Other receivables | **957** | 997 |
| Total trade and other receivables | **22,587** | 18,851 |

Included in the Group's trade receivables balance as at 30 September 2018 with aggregate carrying amount of HK$20,507,000 (31 March 2018: HK$17,525,000) which is 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 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:

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| Over due: | | |
| 0 – 30 days | **14,682** | 15,132 |
| 31 – 60 days | **984** | 602 |
| 61 – 90 days | **–** | 1,004 |
| Over 90 days | **4,841** | 787 |
| | **20,507** | 17,525 |

## 13. CONTRACT ASSETS/(LIABILITIES)

**Contract assets**

| | 30 September 2018 HK$'000 (Unaudited) |
|---|---|
| Fitting-out works | **99,527** |
| Renovation works | **23,929** |
| Shown under current assets | **123,456** |

## 13. CONTRACT ASSETS/(LIABILITIES) (continued)

**Contract assets (continued)**

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 in achieving specified milestones at the reporting date on fitting-out works and renovation works. The contract assets are transferred to trade receivable when the rights become unconditional. The Group typically transfer its contract assets to trade receivable when invoice is issued.

**Contract liabilities**

| | **30 September 2018** <br> ***HK$'000*** <br> **(Unaudited)** |
|---|---|
| Fitting-out works | **6,157** |
| Renovation works | **12,035** |
| Shown under current liabilities | **18,192** |

## 14. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

| | 31 March 2018 <br> *HK$'000* <br> (Audited) |
|---|---|
| Contracts in progress at the end of the reporting period: | |
| Contract costs incurred plus recognised profits | |
| less recognised losses | 533,773 |
| Less: progress billings | (458,386) |
| | 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 |

As at 31 March 2018, included in amounts due from customers for contract work were retention held by customers for contract work amounted to HK$15,623,000, which was expected to be recovered or settled in more than twelve months from the end of the reporting period.

## 15. TRADE AND OTHER PAYABLES

| | 30 September 2018 *HK$'000* (Unaudited) | 31 March 2018 *HK$'000* (Audited) |
|---|---|---|
| Trade payables | **26,912** | 43,440 |
| Accruals | **6,063** | 4,688 |
| | **32,975** | 48,128 |

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

| | 30 September 2018 *HK$'000* (Unaudited) | 31 March 2018 *HK$'000* (Audited) |
|---|---|---|
| 1 – 30 days | **7,310** | 34,370 |
| 31 – 60 days | **808** | – |
| 61 – 90 days | **1,685** | – |
| Over 90 days | **17,109** | 9,070 |
| | **26,912** | 43,440 |

## 16. BORROWINGS

| | 30 September 2018 *HK$'000* (Unaudited) | 31 March 2018 *HK$'000* (Audited) |
|---|---|---|
| Revolving bank loans | **18,000** | – |
| Bank term loans | **–** | 2,223 |
| | **18,000** | 2,223 |
| Carrying amount of the above borrowings that are variable-rate and repayable: Within one year | **18,000** | 2,223 |
| The carrying amount of bank loans that contain a repayment on demand clause | **18,000** | 2,223 |

The variable-rate bank borrowings carried interests at certain basis points over Hong Kong Interbank Offered Rate ("HIBOR").

## 16. BORROWINGS (continued)

The range of effective interest rates (which were also equal to contracted interest rates) of the Group's bank borrowings was as follows:

| | 30 September 2018 (Unaudited) | 31 March 2018 (Audited) |
|---|---|---|
| Effective interest rate: | | |
| Variable-rate borrowings | HIBOR + 2% to 2.5% | HIBOR + 2.5% |

The loans are classified as current liabilities since the Company has no unconditional right to defer settlement of any portion of the liabilities for at least twelve months after the reporting date. As at 31 March 2018, the term loans were secured by the mortgage of leasehold land and building owned by Mr. Cheng Tsang Wai and Ms. Chow Siu Shan Juliana, the spouse of Mr. Cheng Tsang Wai, together with personal guarantees given by all executive directors of the Company. As at 30 September 2018, the security over the mortgage of leasehold land and building has been released. The personal guarantees would be released and replaced by corporate guarantees provided by the Company upon completion of application with the banks.

## 17. SHARE CAPITAL

| | 30 September 2018 | | 31 March 2018 | |
|---|---|---|---|---|
| | Number of shares (Unaudited) | *HK$'000* (Unaudited) | Number of shares (Audited) | *HK$'000* (Audited) |
| **Authorised:** | | | | |
| Ordinary shares of HK$0.01 each | 10,000,000,000 | 100,000,000 | 10,000,000,000 | 100,000,000 |
| **Issued and fully paid:** | | | | |
| Ordinary shares of HK$0.01 each | 320,000,000 | 3,200,000 | 320,000,000 | 3,200,000 |

## 18. COMMITMENTS

**Commitments under operating leases**

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which are fall due as follows:

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| Within one year | 2,292 | 338 |
| In the second to fifth year inclusive | 898 | – |
| | 3,190 | 338 |

Operating lease payments represent rentals payable by the Group for its rental premises. Leases are negotiated and rentals are fixed for terms arranging from one to four years.

## 19. RELATED PARTY DISCLOSURES

In addition to the transactions, balances and commitments disclosed elsewhere in the unaudited condensed consolidated financial statements, the Group has entered into the following related party transactions:

| | | | Three months ended 30 September | | Six months ended 30 September | |
|---|---|---|---|---|---|---|
| Related party | Relationship | Nature of transactions | 2018 HK$'000 (Unaudited) | 2017 HK$'000 (Unaudited) | 2018 HK$'000 (Unaudited) | 2017 HK$'000 (Unaudited) |
| Mr. Dick Cheng | Director | Contract revenue | – | – | – | 441 |

During the six months ended 30 September 2018, the executive directors of the Company had given personal guarantees to banks for the facilities granted for the use by the Group.

## 20. 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:

| | 30 September 2018 HK$'000 (Unaudited) | 31 March 2018 HK$'000 (Audited) |
|---|---|---|
| Issued by banks | 32,106 | 31,677 |

# 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 six months ended 30 September 2018, the Group was awarded a total of 5 projects (six months ended 30 September 2017: 7 projects) each with contract sum over HK$1 million, which comprised 1 fitting-out project and 4 renovation projects (six months ended 30 September 2017: 3 fitting-out projects and 4 renovation projects) with a total contract sum of approximately HK$188.0 million (six months ended 30 September 2017: HK$218.9 million).

Out of these 5 projects (six months ended 30 September 2017: 7 projects), 4 projects (six months ended 30 September 2017: 5 projects) each with a contract sum over HK$10 million contributed a revenue of approximately HK$26.4 million for the six months ended 30 September 2018 (six months ended 30 September 2017: HK$38.4 million).

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

## FINANCIAL REVIEW

*Revenue*

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

The following table shows our revenue by operating segment during the six months ended 30 September 2018 and 2017:

| | For the six months ended 30 September | | | |
|---|---|---|---|---|
| | **2018** | | 2017 | |
| | ***HK$'000*** | ***%*** | *HK$'000* | *%* |
| Fitting-out work | **101,541** | **71.9** | 87,486 | 67.3 |
| Renovation work | **39,763** | **28.1** | 42,520 | 32.7 |
| | **141,304** | **100.0** | 130,006 | 100.0 |

For the six months ended 30 September 2018, the Group's revenue was approximately HK$141.3 million, representing an increase of approximately 8.7% as compared to the revenue of approximately HK$130.0 million for the six months ended 30 September 2017 (the "Previous Period"). The revenue for fitting-out works for the Period was approximately HK$101.5 million, represented an increase of approximately 16.1% from approximately HK$87.5 million for the Previous Period. The increase was mainly due to revenue contributed by the fitting-out projects located in Repulse Bay, Kowloon City, Shek O, Tsuen Wan and Pok Fu Lam, which contributed an aggregate revenue of approximately HK$71.4 million for the Period.

The revenue for renovation works for the Period was approximately HK$39.8 million, represented a decrease of approximately 6.5% from approximately HK$42.5 million for the Previous Period. Such decrease was mainly due to a decrease in revenue for two large-scaled renovation projects in Tsuen Wan and Tai Tam, as a greater portion of these projects was carried out during the Previous Period.

*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 Period.

The following table shows our gross profit and gross profit margin by operating segment during the six months ended 30 September 2018 and 2017:

| | For the six months ended 30 September | | | |
|---|---|---|---|---|
| | **2018** | | 2017 | |
| | **Gross Profit** | **Gross Profit Margin** | Gross Profit | Gross Profit Margin |
| | ***HK$'000*** | ***%*** | *HK$'000* | *%* |
| Fitting-out work | **12,149** | **12.0** | 10,916 | 12.5 |
| Renovation work | **3,551** | **8.9** | 2,275 | 5.4 |
| | **15,700** | **11.1** | 13,191 | 10.1 |

The overall gross profit increased by approximately HK$2.5 million or 19.0% from approximately HK$13.2 million for the Previous Period to approximately HK$15.7 million for the Period, which was primarily attributable to the increase in gross profit of both (i) fitting-out work from approximately HK$10.9 million to approximately HK$12.1 million; and (ii) renovation work from approximately HK$2.3 million to approximately HK$3.6 million.

The increases in gross profit of both fitting-out work and renovation work were generally in line with the growth of revenue during the Period. The Group's gross profit margin for the Period increased to approximately 11.1% from approximately 10.1% for the Previous Period mainly due to better profit margin for certain projects undertaken during the Period.

*Administrative Expenses*

The Group's administrative expenses amounted to approximately HK$7.8 million and approximately HK$4.6 million for the six months ended 30 September 2018 and 2017 respectively, representing an increase of approximately 69.9%. Such increase was primarily due to the increase in staff costs by approximately HK$1.9 million.

*Income Tax Expense*

Income tax expense of the Group for the six months ended 30 September 2018 was approximately HK$1.3 million (2017: HK$1.4 million) and such decrease was consistent with the decrease in assessable profits during the Period as compared to the Previous Period as listing expenses incurred during the Previous Period were not deductible for tax purpose.

*Profit/(Loss) and Total Comprehensive Income/(Expenses) for the Period*

As a result of aforesaid, the Group's profit and total comprehensive income for the Period was approximately HK$6.6 million, as compared to the loss and total comprehensive expenses for the Previous Period of approximately HK$1.6 million. Excluding the one-off non-recurring listing expenses of approximately HK$8.7 million for the Previous Period, the profit and total comprehensive income for the Previous Period of the Group would have been approximately HK$7.1 million and the profit and total comprehensive income of approximately HK$6.6 million for the Period would represent a decrease of approximately 7.2% as compared to the Previous Period.

## LIQUIDITY AND FINANCIAL RESOURCES

The bank balances and cash of the Group as at 30 September 2018 were approximately HK$17.1 million (31 March 2018: approximately HK$45.9 million). The Group intends to finance its future operations and capital expenditures with cash flow from operating activities and the net proceeds from listing. The Group's primary uses of cash have been and are expected to continue to be operating costs and capital expenditure. As at 30 September 2018, the Group's bank balances and cash, except a small aggregate amount of approximately HK$109,000 in foreign currencies including Renminbi and United States dollars, were held in Hong Kong dollars.

## BORROWING FACILITIES

As at 30 September 2018, the Group has obtained credit facilities from banks up to a maximum amount of approximately HK$69.1 million (31 March 2018: HK$59.1 million), which include, but not limited to, revolving loan, overdraft, term loan and bank guarantee. Out of total banking facilities, revolving loan facility of HK$18.0 million (31 March 2018: term loan facility of HK$2.2 million) was outstanding and repayable within one year. As at 30 September 2018, the total value of guarantees under surety bonds issued in favour of the Group's customers amounted to approximately HK$32.1 million (31 March 2018: HK$31.7 million). The bank borrowings are denominated in Hong Kong dollars and carried at variable rate of Hong Kong Inter-bank Offered Rate ("HIBOR") + 2% to 2.5% (31 March 2018: HIBOR + 2.5%).

## GEARING RATIO

The gearing ratio of the Group as at 30 September 2018 was 19.5% (31 March 2018: approximately 2.5%). Such increase is mainly due to the drawdown of the bank borrowings to finance the Company's operations. The gearing ratio is calculated based on total bank borrowings at the end of the respective periods divided by total equity at the end of the respective periods and multiplied by 100%.

## CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of the Stock Exchange on 14 February 2018. The share capital of the Group only comprises of ordinary shares. As at 30 September 2018, 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 30 September 2018.

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 arises.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period. 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 30 September 2018, the Group did not have pledged assets (31 March 2018: Nil).

## CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 September 2018 (31 March 2018: Nil).

## CAPITAL COMMITMENTS

As at 30 September 2018, the Group did not have any capital commitments (31 March 2018: Nil).

## FUTURE PLAN FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

The Group did not have any other plans for material investment and capital assets as at 30 September 2018.

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 September 2018.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group had a total of 70 employees (31 March 2018: 65 employees). Total staff costs amounted to approximately HK$17.2 million for the Period, as compared to approximately HK$10.2 million for the Previous Period. The remuneration package offered by the Group to its employees includes basic salary, bonuses and mandatory provident fund. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. The Group conducts annual review on salary raises, bonuses and promotions based on the performance of each employee.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from the Listing Date (14 February 2018) to 30 September 2018 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, one quantity surveyor, one assistant quantity surveyor 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 30 September 2018 was approximately HK$2.2 million.

An analysis of the planned amount utilised up to 30 September 2018 is set out below:

| | Planned amount utilised up to 30 September 2018 *HK$'000* | Actual utilised amount as at 30 September 2018 *HK$'000* | Unutilised amount out of the planned amount as at 30 September 2018 *HK$'000* |
|---|---|---|---|
| Expand the Group's business in the fitting-out and renovation industry *(Note i)* | 9,773 | 8,419 | 1,354 |
| Further expand our in-house team and capacity to cope with future business opportunities *(Note ii)* | 2,268 | 1,399 | 869 |
| Reduce gearing ratio by repaying bank borrowings | 6,297 | 6,297 | – |
| General working capital | 3,531 | 3,531 | – |
| | 21,869 | 19,646 | 2,223 |

*Notes:*

(i) The actual use of proceeds for expand the Group's business in the fitting-out and renovation industry was approximately HK$8.4 million which is less than HK$9.8 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 HK$1.4 million which is less than the planned amount of HK$2.3 million. This is 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 AND OTHER INFORMATION

## CORPORATE GOVERNANCE CODE

The Company's corporate governance code are based on the principles of the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. The Company is committed to ensure a quality board and transparency and accountability to shareholders. During the Period and up to the date of this report, the Company had complied with the applicable code provisions set out in the CG Code.

## CODE OF CONDUCT REGARDING DIRECTOR'S SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Director's securities transactions on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having been made a specific enquiry by the Company, all Directors confirmed that they had complied with such code of conduct and the required standard of dealings regarding securities transactions by directors adopted by the Company throughout the Period and up to the date of this report.

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

As at 30 September 2018, 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 held | Approximate percentage shareholding |
|---|---|---|---|
| Mr. Cheng Tsang Wai | Interest in controlled corporation(Note1) | 214,400,000 | 67% |
| Mr. Cheng Tsang Fu Dennis | Interest in controlled corporation(Note1)/ interest of spouse(Note2) | 214,400,000 | 67% |
| Ms. Liu Lee Lee Lily | Interest in controlled corporation(Note1)/ interest of spouse(Note2) | 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 altogether are deemed to be collectively interested in the 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 the Shares held by Ms. Liu Lee Lee Lily, and vice versa pursuant to the SFO.

Save as disclosed above, as at 30 September 2018, none of the directors nor chief executive of the Company has registered an interest and short position in the shares, underlying shares or debentures of the Company or any of 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 and short positions which 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.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as at 30 September 2018, other than the directors or chief executives of the Company whose interests or short positions are as disclosed under the paragraph headed "Directors' and Chief Executives' Interests and/or Short Positions in 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 | Capacity/ Nature of interest | Interests in shares | Approximate percentage shareholding |
|---|---|---|---|
| Advance Goal(Note1) | Beneficial owner | 214,400,000 | 67% |
| Ms. Chow Siu Shan Juliana(Note2) | Interest of spouse | 214,400,000 | 67% |
| Active Achievor Limited ("Active Achievor") | Beneficial owner | 19,200,000 | 6% |
| Ms. Cheng Fat Ning Lenda(Note3) | Interest in controlled corporation | 19,200,000 | 6% |

*Notes:*

1. These shares have been disclosed in the section headed "Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associate Corporations" above.

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 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.

Saved as disclosed above, as at 30 September 2018, 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/or 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

At no time during the Period 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 listed securities during the Period.

## COMPETITION OF INTERESTS

During the Period, none of the directors or the controlling shareholders or substantial shareholders (as defined in the GEM Listing Rules) of the Company or their respective close associates (as defined in the GEM Listing Rules) were considered to have any interests in a business which competed or was likely to compete, either directly or indirectly, with the business of the Group and/or caused, or was likely to cause any other conflicts of interest with the Group, as required to be disclosed under Rule 11.04 of the GEM Listing Rules.

## DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2018.

During the six months ended 30 September 2017, DCB Company Limited declared dividends of HK$276 per share amounting to HK$3,000,000 to its then shareholders and settled through cash in January 2018.

A final dividend in respect of the year ended 31 March 2018 of HK1.2 cents per ordinary share, in an aggregate amount of HK$3,840,000, has been approved by the shareholders of the Company in the annual general meeting and paid during the six months ended 30 September 2018.

## SHARE OPTION SCHEME

The Company has conditionally adopted the share option scheme ("Share Option Scheme"), which was approved by written resolutions passed by its shareholders on 19 January 2018 and became unconditional on 14 February 2018. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

The Share Option Scheme is valid and effective for a period of 10 years from 14 February 2018, after which no further options will be granted or offered.

There was no option outstanding, granted, cancelled, exercised or lapsed as at 30 September 2018.

## INTERESTS OF THE COMPLIANCE ADVISER

As notified by the Company's compliance adviser, Halcyon Capital Limited (the "Compliance Adviser"), as at 30 September 2018, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 21 June 2017, neither the Compliance Adviser 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.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## AUDIT COMMITTEE

The Company has set up an audit committee (the "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. The primary duties of the Committee are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee risk management and internal control procedures of the Company. The Committee comprises the three independent non-executive Directors, namely Mr. Cheung Kwok Keung, who is the chairman of the Committee, Mr. Chak Chi Man and Mr. Chu Wai Wa Fangus. The unaudited condensed consolidated financial statements of the Group for the Period have been reviewed by the Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and adequate disclosures have been made.

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

Hong Kong, 12 November 2018

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