

# DCB Holdings Limited

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

The background of the cover features a complex, layered design. It includes sections of light-colored marble with grey and gold veining, a vibrant green marbled area with gold speckles, and sections of light brown wood grain. The elements are arranged in overlapping, angular shapes that create a sense of depth and movement.

2019  
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.**

*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.*

## FINANCIAL HIGHLIGHTS

### FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019 (THE “PERIOD”)

- Revenue of the Group was approximately HK\$130.3 million, representing a decrease of approximately 7.8% as compared to that of approximately HK\$141.3 million for the six months ended 30 September 2018 (the “Previous Period”).
- Profit and total comprehensive income for the Period attributable to the owners of the Company decreased by approximately HK\$3.6 million or 55.1% from approximately HK\$6.6 million for the Previous Period to approximately HK\$3.0 million for the Period.
- The Board does not recommend the payment of an interim dividend for the Period.
- Earnings per share of the Company was approximately HK0.92 cents (2018: HK2.06 cents).

## INTERIM RESULT

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 2019, together with the unaudited comparative figures for the corresponding period in 2018, as follows:

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

For the three months and six months ended 30 September 2019

	Notes	Three months ended 30 September		Six months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	63,279	79,702	130,282	141,304
Cost of services		(59,551)	(70,547)	(120,782)	(125,604)
Gross profit		3,728	9,155	9,500	15,700
Other income	5	1,026	67	1,076	73
Administrative expenses		(3,567)	(4,227)	(6,859)	(7,827)
Finance costs	6	(97)	(58)	(126)	(76)
Profit before tax	7	1,090	4,937	3,591	7,870
Income tax expenses	8	(160)	(900)	(633)	(1,280)
Profit and total comprehensive income for the period		930	4,037	2,958	6,590
Earnings per share					
Basic (HK cents)	10	0.29	1.26	0.92	2.06

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	Notes	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	959	847
Right-of-use assets	12	2,453	–
		<b>3,412</b>	847
<b>Current assets</b>			
Trade and other receivables	13	23,614	7,659
Contract assets	14	111,872	120,525
Income tax recoverable		678	1,311
Pledged bank deposits	15	11,068	6,000
Bank balances and cash		7,364	21,722
		<b>154,596</b>	157,217
<b>Current liabilities</b>			
Trade and other payables	16	27,793	34,660
Contract liabilities	17	20,782	26,539
Borrowings	18	11,000	–
Lease liabilities	19	1,617	–
		<b>61,192</b>	61,199
<b>Net current assets</b>		<b>93,404</b>	96,018
Total assets less current liabilities		<b>96,816</b>	96,865
<b>Non-current liabilities</b>			
Lease liabilities	19	833	–
Other non-current liabilities		258	258
		<b>1,091</b>	258
<b>Net assets</b>		<b>95,725</b>	96,607
<b>Capital and reserves</b>			
Share capital	20	3,200	3,200
Reserves		92,525	93,407
<b>Total equity</b>		<b>95,725</b>	96,607

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
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)
<b>At 30 September 2018 (Unaudited)</b>	<b>3,200</b>	<b>48,097</b>	<b>10,010</b>	<b>31,204</b>	<b>92,511</b>
At 1 April 2019 (Audited)	<b>3,200</b>	<b>48,097</b>	<b>10,010</b>	<b>35,300</b>	<b>96,607</b>
Profit and total comprehensive income for the period	-	-	-	2,958	2,958
Dividends recognised as distribution (note 9)	-	-	-	(3,840)	(3,840)
<b>At 30 September 2019 (Unaudited)</b>	<b>3,200</b>	<b>48,097</b>	<b>10,010</b>	<b>34,418</b>	<b>95,725</b>

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
<b>OPERATING ACTIVITIES</b>		
Profit before tax:	3,591	7,870
Adjustments for:		
Finance costs	126	76
Depreciation	1,227	178
Loss on disposal of plant and equipment	39	–
Interest income	(59)	(15)
Operating cash flows before movements in working capital	4,924	8,109
Increase in trade and other receivables	(15,973)	(3,736)
(Decrease)/Increase in contract assets and amounts due from customers for contract work	8,653	(40,353)
Decrease in trade and other payables	(6,867)	(15,153)
(Decrease)/Increase in contract liabilities and amounts due to customers for contract work	(5,757)	10,476
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(15,020)</b>	<b>(40,657)</b>
<b>INVESTING ACTIVITIES</b>		
Interest received	51	15
Purchase of plant and equipment	(347)	(51)
Increase in pledged bank deposits	(5,068)	–
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(5,364)</b>	<b>(36)</b>

**Six months ended  
30 September**

	<b>2019</b> <i>HK\$'000</i> <b>(Unaudited)</b>	2018 <i>HK\$'000</i> (Unaudited)
<b>FINANCING ACTIVITIES</b>		
New bank loans raised	<b>14,000</b>	18,000
Repayments of borrowings	<b>(3,000)</b>	(2,223)
Repayments of lease liabilities	<b>(1,057)</b>	–
Interest paid	<b>(77)</b>	(76)
Dividends paid	<b>(3,840)</b>	(3,840)
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>	<b>6,026</b>	11,861
NET DECREASE IN CASH AND CASH EQUIVALENTS	<b>(14,358)</b>	(28,832)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<b>21,722</b>	45,885
CASH AND CASH EQUIVALENTS AT END OF PERIOD represented by bank balances and cash	<b>7,364</b>	17,053



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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 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, KY 1-1111, 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. 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 condensed consolidated financial statements have not been audited by the Company's independent auditor, but have been reviewed by the Company's audit committee and approved for issue by the Board on 8 November 2019.

The unaudited consolidated financial statements of the Group for the six months ended 30 September 2019 are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company and its subsidiaries.

## 2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements for the six months ended 30 September 2019 (the "Financial Statements") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. Besides, the Financial Statements include applicable disclosures required by the GEM Listing Rules. The Financial Statements have been prepared under the historical cost convention and are presented in Hong Kong dollar and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income and expenses. Actual results may differ from these estimates.

### 3. APPLICATION OF NEW AND REVISED HKFRSs

#### New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the financial year beginning on 1 April 2019:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle

The adoption of the new and amendments to HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current and prior periods, except for the application of HKFRS 16 “Leases”.

#### HKFRS 16 “Leases”

The Group has initially applied HKFRS 16 as from 1 April 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019. Comparative information has not been restated and continues to be reported under HKAS 17 “Leases”.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) *New definition of a lease*

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 April 2019. For contracts entered into before 1 April 2019, the Group has used the transitional practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) – Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC) – Int 4 were not reassessed. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

### 3. APPLICATION OF NEW AND REVISED HKFRSs (continued)

#### New and amended standards adopted by the Group (continued)

(b) *Lessee accounting and transitional impact*

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

At the date of transition to HKFRS 16 (i.e. 1 April 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 April 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was approximately 4.6%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 March 2020; and
- (ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

### 3. APPLICATION OF NEW AND REVISED HKFRSs (continued)

#### New and amended standards adopted by the Group (continued)

(b) *Lessee accounting and transitional impact (continued)*

The following table reconciles the operating lease commitments as at 31 March 2019 to the opening balance for lease liabilities recognised as at 1 April 2019:

	<b>1 April 2019</b>
	<i>HK\$'000</i>
	(Unaudited)
Operating lease commitments at 31 March 2019	1,974
Less: commitments relating to leases exempt from capitalisation:	
– short-term leases and other leases with remaining lease term ending on or before 31 March 2020	(78)
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	783
	2,679
Less: total future interest expenses	(109)
Present value of remaining lease payments, discounted using the incremental borrowing rate and total lease liabilities recognised at 1 April 2019	2,570

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 March 2019.

### 3. APPLICATION OF NEW AND REVISED HKFRSs (continued)

#### New and amended standards adopted by the Group (continued)

(b) Lessee accounting and transitional impact (continued)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's unaudited condensed consolidated statement of financial position:

	Carrying amount at 31 March 2019 HK\$'000 (Audited)	Capitalisation of operating lease contracts HK\$'000	Carrying amount at 1 April 2019 HK\$'000 (Unaudited)
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	847	2,589	3,436
<b>Total non-current assets</b>	<b>847</b>	<b>2,589</b>	<b>3,436</b>
Trade and other receivables	7,659	(19)	7,640
<b>Current assets</b>	<b>157,217</b>	<b>(19)</b>	<b>157,198</b>
Lease liabilities (current)	–	1,840	1,840
<b>Current liabilities</b>	<b>61,199</b>	<b>1,840</b>	<b>63,039</b>
<b>Net current assets</b>	<b>96,018</b>	<b>(1,859)</b>	<b>94,159</b>
<b>Total assets less current liabilities</b>	<b>96,865</b>	<b>730</b>	<b>97,595</b>
Lease liabilities (non-current)	–	730	730
<b>Total non-current liabilities</b>	<b>258</b>	<b>730</b>	<b>988</b>
<b>Net assets</b>	<b>96,607</b>	<b>–</b>	<b>96,607</b>

## 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 2019			30 September 2018		
	Fitting-out work	Renovation work	Total	Fitting-out work	Renovation work	Total
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Segment revenue	21,141	42,138	63,279	56,694	23,008	79,702
Segment (loss)/profit	(601)	4,329	3,728	6,696	2,459	9,155
Unallocated income			1,026			67
Unallocated expenses			(3,664)			(4,285)
Profit before tax			1,090			4,937

	Six months ended					
	30 September 2019			30 September 2018		
	Fitting-out work	Renovation work	Total	Fitting-out work	Renovation work	Total
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Segment revenue	44,369	85,913	130,282	101,541	39,763	141,304
Segment profit	1,055	8,445	9,500	12,149	3,551	15,700
Unallocated income			1,076			73
Unallocated expenses			(6,985)			(7,903)
Profit before tax			3,591			7,870

#### 4. REVENUE AND SEGMENT INFORMATION (continued)

##### Segment revenue and results (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 and finance costs. 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	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Bank interest income	4	9	51	15
Consultancy fee income	1,017	–	1,017	–
Others	5	58	8	58
	1,026	67	1,076	73

#### 6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest on bank borrowings	72	58	77	76
Interest on lease liabilities	25	–	49	–
	97	58	126	76

## 7. PROFIT BEFORE TAX

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Profit before tax has been arrived at after charging:				
Directors' emolument				
Fees	54	54	108	108
Salaries, allowances and other benefits	957	854	1,977	1,705
Discretionary bonus	–	165	–	330
Retirement benefit scheme contributions	13	13	27	27
	<b>1,024</b>	1,086	<b>2,112</b>	2,170
Other staff costs				
Salaries, allowances and other benefits	7,041	6,185	14,189	11,580
Discretionary bonus	–	2,509	–	2,959
Retirement benefit scheme contributions	253	164	512	460
	<b>7,294</b>	8,858	<b>14,701</b>	14,999
Total staff costs	<b>8,318</b>	9,944	<b>16,813</b>	17,169
Less: amounts included in cost of services	<b>(6,429)</b>	(7,439)	<b>(12,939)</b>	(12,734)
Amounts included in administrative expenses	<b>1,889</b>	2,505	<b>3,874</b>	4,435
Auditor's remuneration	125	212	250	425
Depreciation	642	56	1,227	178
Loss on disposal of plant and equipment	–	–	39	–



## 8. INCOME TAX EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Hong Kong profit tax – current period	160	900	633	1,280

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 and in the Previous Period.

## 9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: nil).

A final dividend in respect of the year ended 31 March 2019 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 2019.

## 10. EARNINGS 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	
	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)	2018 <i>HK\$'000</i> (Unaudited)
<b>Earnings:</b>				
Earnings for the purpose of basic earnings per share (profit for the period attributable to the owners of the Company)	<b>930</b>	4,037	<b>2,958</b>	6,590
	<b>'000</b>	'000	<b>'000</b>	'000
<b>Number of shares:</b>				
Number of ordinary shares for the purpose of basic earnings per share	<b>320,000</b>	320,000	<b>320,000</b>	320,000

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

## 11. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment <i>HK\$'000</i>	Decoration <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Audited</b>				
COST				
As at 1 April 2018	340	60	1,906	2,306
Additions	17	–	33	50
As at 31 March 2019	357	60	1,939	2,356
DEPRECIATION				
As at 1 April 2018	72	9	1,073	1,154
Provided for the year	94	12	249	355
As at 31 March 2019	166	21	1,322	1,509
CARRYING VALUE				
As at 31 March 2019	191	39	617	847
<b>Unaudited</b>				
COST				
As at 1 April 2019	357	60	1,939	2,356
Additions	110	237	–	347
Disposal	–	(60)	–	(60)
As at 30 September 2019	467	237	1,939	2,643
DEPRECIATION				
As at 1 April 2019	166	21	1,322	1,509
Provided for the period	54	17	125	196
Written back as disposal	–	(21)	–	(21)
As at 30 September 2019	220	17	1,447	1,684
CARRYING VALUE				
As at 30 September 2019	247	220	492	959

## 12. RIGHT-OF-USE ASSETS

HK\$'000

### Unaudited

#### COST

As at 1 April 2019	2,589
Additions	895

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As at 30 September 2019

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3,484

#### DEPRECIATION

As at 1 April 2019	–
Provided for the period	1,031

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As at 30 September 2019

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1,031

#### CARRYING VALUE

As at 1 April 2019	2,589
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As at 30 September 2019	2,453
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The Group obtains right to control the use of staff and director's quarters, office buildings and car parking spaces for a period of time through lease arrangements. Lease arrangements are negotiated on an individual basis and contain a wide range of different terms and conditions including lease payments and lease terms ranging from 1 to 4 years. The carrying values of the right-of-use assets by class of underlying assets as at 30 September 2019 are as follows:

### By class of underlying assets

HK\$'000  
(Unaudited)

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Staff and director's quarters	1,141
Office buildings	1,294
Car parking spaces	18

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2,453

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### 13. TRADE AND OTHER RECEIVABLES

	<b>30 September 2019 HK\$'000 (Unaudited)</b>	31 March 2019 HK\$'000 (Audited)
Trade receivables	<b>22,183</b>	6,554
Deposits and prepayments	<b>920</b>	1,104
Other receivables	<b>511</b>	1
<b>Total trade and other receivables</b>	<b>23,614</b>	7,659

Included in the Group's trade receivables balance as at 30 September 2019 with aggregate carrying amount of approximately HK\$22,183,000 (31 March 2019: HK\$6,554,000) 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:

	<b>30 September 2019 HK\$'000 (Unaudited)</b>	31 March 2019 HK\$'000 (Audited)
Over due:		
0-30 days	<b>12,292</b>	5,001
31-60 days	<b>4,245</b>	497
61-90 days	<b>4,958</b>	15
Over 90 days	<b>688</b>	1,041
	<b>22,183</b>	6,554

## 14. CONTRACT ASSETS

### Contract assets

	<b>30 September 2019 HK\$'000 (Unaudited)</b>	31 March 2019 HK\$'000 (Audited)
Fitting-out works	<b>70,227</b>	85,563
Renovation works	<b>41,645</b>	34,962
Shown under current assets	<b>111,872</b>	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 contracts include payment schedules which require stage payments over the contract period once certain specified milestones are reached.

The directors of the Company considered that the expected credit loss for contract assets is insignificant as at 30 September 2019.

## 15. PLEDGED BANK DEPOSITS

Bank deposits of approximately HK\$11,068,000 (31 March 2019: HK\$6,000,000) have been pledged to banks for general banking facilities granted to the Group.

## 16. TRADE AND OTHER PAYABLES

	<b>30 September 2019 HK\$'000 (Unaudited)</b>	31 March 2019 HK\$'000 (Audited)
Trade payables	<b>22,142</b>	31,024
Accruals and other payables	<b>5,651</b>	3,636
	<b>27,793</b>	34,660

## 16. TRADE AND OTHER PAYABLES (continued)

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

	<b>30 September 2019 HK\$'000 (Unaudited)</b>	31 March 2019 HK\$'000 (Audited)
1-30 days	4,032	11,421
31-60 days	1,606	2,545
61-90 days	207	1,214
Over 90 days	16,297	15,844
	<b>22,142</b>	<b>31,024</b>

## 17. CONTRACT LIABILITIES

### Contract liabilities

	<b>30 September 2019 HK\$'000 (Unaudited)</b>	31 March 2019 HK\$'000 (Audited)
Fitting-out works	10,763	16,777
Renovation works	10,019	9,762
Shown under current liabilities	<b>20,782</b>	<b>26,539</b>

## 18. BORROWINGS

	<b>30 September 2019 HK\$'000 (Unaudited)</b>	31 March 2019 HK\$'000 (Audited)
Bank loans classified under current liabilities	11,000	–

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

## 18. 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:

	<b>30 September 2019 (Unaudited)</b>	31 March 2019 (Audited)
Effective interest rate:		
Variable-rate borrowings	<b>HIBOR + 2% to 2.5%</b>	Nil

The bank loans at 30 September 2019 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 30 September 2019, the bank loans are secured by pledged bank deposits, together with corporate guarantees provided by the Company.

## 19. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities as at 30 September 2019:

	30 September 2019		1 April 2019		31 March 2019	
	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments	Total minimum lease payments
Within one year	1,617	1,685	1,806	1,882	-	-
In the second to fifth year inclusive	833	868	764	797	-	-
	<b>2,450</b>	<b>2,553</b>	<b>2,570</b>	<b>2,679</b>	<b>-</b>	<b>-</b>
Less: total future interest expenses		(103)		(109)		-
Present value of lease liabilities		<b>2,450</b>		<b>2,570</b>		<b>-</b>

*Note:* The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Comparative information as at 31 March 2019 has not been restated. Further details on the impact of the transition to HKFRS 16 are set out in note 3.



## 20. SHARE CAPITAL

	30 September 2019		31 March 2019	
	Number of shares (Unaudited)	HK\$'000 (Unaudited)	Number of shares (Audited)	HK\$'000 (Audited)
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each	10,000,000,000	100,000,000	10,000,000,000	100,000,000
<b>Issued and fully paid</b>				
Ordinary shares of HK\$0.01 each	320,000,000	3,200,000	320,000,000	3,200,000

## 21. COMMITMENTS

### Commitments under operating leases

At 31 March 2019, the Group had commitments for future minimum lease payments under non-cancellable operating leases which are fall due as follows:

	31 March 2019 HK\$'000 (Audited)
Within one year	1,638
In the second to fifth year inclusive	336
	1,974

The Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases (see note 3). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the statement of financial position, and the details regarding the Group's future lease payments are disclosed in note 19.

## 22. 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 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Issued by banks	36,558	37,684

## 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 Period, the Group was awarded a total of three projects (Previous Period: four projects) each with contract sum over HK\$10 million, which comprises one fitting-out project and two renovation projects (Previous Period: one fitting-out project and three renovation projects). During the Period, the Group also provided consultancy services to a PRC developer in relation to a renovation project in the PRC.

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. However, the Group was facing challenges from keen competition and shortage of labor that drove up the cost of subcontractors. In the future, we will also be focusing on better controlling our costs and striving for a higher profit margin.

## 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 2019 and 2018:

	For the six months ended 30 September			
	2019		2018	
	HK\$'000	%	HK\$'000	%
Fitting-out work	44,369	34.1	101,541	71.9
Renovation work	85,913	65.9	39,763	28.1
	130,282	100.0	141,304	100.0

For the six months ended 30 September 2019, the Group's revenue was approximately HK\$130.3 million, representing a decrease of approximately 7.8% as compared to the revenue of approximately HK\$141.3 million for the six months ended 30 September 2018. The revenue for fitting-out works for the Period was approximately HK\$44.4 million, represented a decrease of approximately 56.3% from approximately HK\$101.5 million for the Previous Period. The decrease was mainly due to a substantial portion of the fitting-out works for several large-scaled projects located in Repulse Bay, Tsuen Wan, Pok Fu Lam and Shek O were carried out in last financial year and as such the aggregate revenue contributed from these large-scaled projects decreased from approximately HK\$56.4 million for the Previous Period to approximately HK\$8.6 million for the Period.

The revenue for renovation works for the Period was approximately HK\$85.9 million, represented an increase of approximately 116.1% from approximately HK\$39.8 million for the Previous Period. Such increase was mainly due to revenue contributed from three large-scaled renovation projects contributed an aggregate revenue of approximately HK\$72.5 million, one of which is located in The Peak and the other two projects are located in Deep Water Bay.

### *Cost of Services and Gross Profit*

The Group's cost of services decreased from approximately HK\$125.6 million for the Previous Period to approximately HK\$120.8 million for the Period, representing a decrease of approximately 3.8%. Such decrease was generally in line with the decrease 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 2019 and 2018:

	For the six months ended 30 September			
	2019		2018	
	Gross Profit HK\$'000	Gross Profit Margin %	Gross Profit HK\$'000	Gross Profit Margin %
Fitting-out work	1,055	2.4	12,149	12.0
Renovation work	8,445	9.8	3,551	8.9
	9,500	7.3	15,700	11.1

The overall gross profit decreased by approximately HK\$6.2 million or 39.5% from approximately HK\$15.7 million for the Previous Period to approximately HK\$9.5 million for the Period, which was primarily attributable to lower profit margin for certain projects undertaken during the Period and cost overrun of certain large-scaled fitting-out projects for the Period.

### *Other Income*

The Group's other income increased by approximately HK\$1,003,000 from approximately HK\$73,000 for the six months ended 30 September 2018 to approximately HK\$1,076,000 for the six months ended 30 September 2019. Such increase was primarily due to an increase in consultancy fee income of approximately HK\$1,017,000 in relation to the provision of consulting services to a PRC developer for a renovation project in the PRC.

#### *Administrative Expenses*

The Group's administrative expenses amounted to approximately HK\$6.9 million and approximately HK\$7.8 million for the six months ended 30 September 2019 and 2018 respectively, representing a decrease of approximately 12.4%. Such decrease was primarily due to a decrease in staff costs by approximately HK\$0.6 million.

#### *Income Tax Expense*

Income tax expense of the Group for the six months ended 30 September 2019 was approximately HK\$0.6 million (2018: HK\$1.3 million) and such decrease was consistent with the decrease in assessable profits during the Period as compared to the Previous Period.

#### *Profit and Total Comprehensive Income for the Period*

As a result of aforesaid, the Group's profit and total comprehensive income for the Period was approximately HK\$3.0 million, as compared to the profit and total comprehensive income for the Previous Period of approximately HK\$6.6 million, representing a decrease of approximately 55.1%.

### **LIQUIDITY AND FINANCIAL RESOURCES**

The bank balances and cash of the Group as at 30 September 2019 were approximately HK\$7.4 million (31 March 2019: approximately HK\$21.7 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 2019, the Group's bank balances and cash, except a small aggregate amount of approximately HK\$183,000 in foreign currencies including Renminbi and United States dollars, were held in Hong Kong dollars.

## **BORROWING FACILITIES**

As at 30 September 2019, the Group has obtained credit facilities from banks up to a maximum amount of approximately HK\$73.4 million (31 March 2019: HK\$66.9 million), which include, but not limited to, revolving loan, overdraft, term loan and bank guarantee. Out of total banking facilities, revolving loan facility and term loan facility with an aggregate amount of HK\$11.0 million (31 March 2019: Nil) was outstanding and repayable within one year. As at 30 September 2019, the total value of guarantees under surety bonds issued in favour of the Group's customers amounted to approximately HK\$36.6 million (31 March 2019: HK\$37.7 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 2019: nil).

## **GEARING RATIO**

The gearing ratio of the Group as at 30 September 2019 was 11.5% (31 March 2019: Nil). 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**

As at 30 September 2019 and 31 March 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 30 September 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 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 2019, the Group had bank deposits amounted to approximately HK\$11.1 million (31 March 2019: HK\$6.0 million) which were pledged to secure banking facilities granted to the Group.

### **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 30 September 2019 (31 March 2019: Nil).

### **CAPITAL COMMITMENTS**

As at 30 September 2019, the Group did not have any capital commitments (31 March 2019: 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 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 six months ended 30 September 2019.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 September 2019, the Group had a total of 70 employees (31 March 2019: 72 employees). Total staff costs amounted to approximately HK\$16.8 million for the Period, as compared to approximately HK\$17.2 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 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 30 September 2019 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, and one site supervisor.
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.
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## 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 2019 was approximately HK\$1.7 million.

An analysis of the planned amount utilised up to 30 September 2019 is set out below:

	<b>Planned amount utilised up to 30 September 2019 HK\$'000</b>	<b>Actual utilised amount as at 30 September 2019 HK\$'000</b>	<b>Unutilised amount out of the planned amount as at 30 September 2019 HK\$'000</b>
Expand the Group's business in the fitting-out and renovation industry ( <i>Note i</i> )	<b>19,551</b>	<b>18,847</b>	<b>704</b>
Further expand our in-house team and capacity to cope with future business opportunities ( <i>Note ii</i> )	<b>5,205</b>	<b>4,227</b>	<b>978</b>
Reduce gearing ratio by repaying bank borrowings	<b>6,297</b>	<b>6,297</b>	<b>–</b>
General working capital	<b>3,531</b>	<b>3,531</b>	<b>–</b>
	<b>34,584</b>	<b>32,902</b>	<b>1,682</b>

### Notes:

- (i) The actual use of proceeds for expand the Group's business in the fitting-out and renovation industry was approximately HK\$18.8 million which is less than HK\$19.6 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\$4.2 million which is less than the planned amount of HK\$5.2 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 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 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*

<b>Name</b>	<b>Capacity/ Nature of interest</b>	<b>Interests in Shares</b>	<b>Approximate percentage shareholding</b>
Mr. Cheng Tsang Wai	Interest in controlled corporation <sup>(Note 1)</sup>	214,400,000	67%
Mr. Cheng Tsang Fu Dennis	Interest in controlled corporation <sup>(Note 1)</sup> / interest of spouse <sup>(Note 2)</sup>	214,400,000	67%
Ms. Liu Lee Lee Lily	Interest in controlled corporation <sup>(Note 1)</sup> / interest of spouse <sup>(Note 2)</sup>	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 55.0%, 35.0% and 10.0% 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 2019, 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 2019, 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 <sup>(Note 1)</sup>	Beneficial owner	214,400,000	67%
Ms. Chow Siu Shan Juliana <sup>(Note 2)</sup>	Interest of spouse	214,400,000	67%
Active Achievor Limited ("Active Achievor")	Beneficial owner	19,200,000	6%
Ms. Cheng Fat Ning Lenda <sup>(Note 3)</sup>	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 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/or Short Positions in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations” above, 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 2019.

A final dividend in respect of the year ended 31 March 2019 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 2019.

## **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 2019.

## **INTERESTS OF THE COMPLIANCE ADVISER**

As notified by the Company’s compliance adviser, Halcyon Capital Limited (the “Compliance Adviser”), as at 30 September 2019, 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**  
*Executive Director*

Hong Kong, 8 November 2019

*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.*