DCB Holdings Limited
DCB控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8040)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

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

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

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

*This announcement, for which the directors (the "**Directors**") of DCB Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the "**Group**"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINANCIAL HIGHLIGHTS

- During the year ended 31 March 2018 (the "**Year**" or "**2018**"), the Group achieved an increase in revenue of approximately 21.2% to approximately HK$273.7 million from approximately HK$225.9 million for the year ended 31 March 2017 (the "**Previous Year**" or "**2017**"). In line with the increase in revenue, the Group's gross profit increased to approximately HK$34.2 million for the Year from approximately HK$26.6 million for the Previous Year.

- Profit attributable to owners of the Company was approximately HK$7.0 million for the Year (2017: HK$13.5 million). Excluding the one-off non-recurring listing expenses of approximately HK$12.4 million (2017: HK$2.5 million) incurred for the Year, the profit attributable to owners of the Company would have been approximately HK$19.4 million (2017: HK$16.0 million) for the Year.

- The Board is pleased to share the Group's performance with the shareholders of the Company and recommends the payment of a final dividend for the year ended 31 March 2018 of HK1.2 cents per share amounting to HK$3,840,000.

- Earnings per share of the Company was approximately HK2.80 cents (2017: HK6.06 cents).

FINANCIAL RESULTS

The board of Directors (the "**Board**") of the Company is pleased to present the consolidated results of the Group for the year ended 31 March 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

		2018	2017
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**273,690**	225,870
Cost of services		**(239,465)**	(199,268)
Gross profit		**34,225**	26,602
Other income		**1**	748
Administrative expenses		**(10,673)**	(7,492)
Finance costs		**(440)**	(819)
Listing expenses		**(12,442)**	(2,456)
Profit before tax	*5*	**10,671**	16,583
Income tax expense	*6*	**(3,675)**	(3,065)
Profit and total comprehensive income for the year		**6,996**	13,518
Earnings per share			
Basic (HK cents)	*8*	**2.80**	6.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current asset			
Plant and equipment		**1,152**	1,083
Current assets			
Trade and other receivables	*9*	**18,851**	21,844
Amounts due from customers for contract work	*10*	**83,103**	34,560
Bank balances and cash		**45,885**	22,988
		147,839	79,392
Current liabilities			
Trade and other payables	*11*	**48,128**	17,752
Amounts due to customers for contract work	*10*	**7,716**	10,655
Borrowings		**2,223**	16,500
Tax payable		**905**	896
		58,972	45,803
Net current assets		**88,867**	33,589
Total assets less current liabilities		**90,019**	34,672
Non-current liability			
Other non-current liabilities		**258**	204
Net assets		**89,761**	34,468
Capital and reserves			
Share capital	*12*	**3,200**	10,010
Reserves		**86,561**	24,458
Total equity		**89,761**	34,468

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	Share capital	**Share premium**	**Capital reserve**	**Retained profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2016	10	–	–	15,940	15,950
Profit and total comprehensive income for the year	–	–	–	13,518	13,518
Dividends recognised as distribution	–	–	–	(5,000)	(5,000)
Issue of shares	10,000	–	–	–	10,000
At 31 March 2017	**10,010**	**–**	**–**	**24,458**	**34,468**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**6,996**	**6,996**
Dividends recognised as distribution	**–**	**–**	**–**	**(3,000)**	**(3,000)**
Effect of group reorganisation *(Note)*	**(10,010)**	**–**	**10,010**	**–**	**–**
Capitalisation issue of shares	**2,400**	**(2,400)**	**–**	**–**	**–**
Issue of shares pursuant to initial public offering	**800**	**59,200**	**–**	**–**	**60,000**
Expenses incurred in connection with issue of new shares	**–**	**(8,703)**	**–**	**–**	**(8,703)**
At 31 March 2018	**3,200**	**48,097**	**10,010**	**28,454**	**89,761**

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

NOTES:

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 8 March 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on GEM of the Stock Exchange on 14 February 2018. Its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is located at 22G, COS Centre, 56 Tsun Yip Street, 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 consolidated financial statements 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 AND PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

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

(ii) On 20 February 2017, the Pre-IPO Investor (as defined in note 12) subscribed for and DCB allotted and issued 870 shares for an aggregate consideration of HK$10,000,000;

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

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

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

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

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

As details above, the Reorganisation involves interspersing investment holding companies (including the Company and Multi Rewards) between DCB and its shareholders. Accordingly, the consolidated financial statements have been prepared on the basis as if the Company has always been the holding company of the companies now comprising the Group throughout the years ended 31 March 2017 and 2018.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 March 2017 and 2018 have been prepared to present the results and cash flows of the companies now comprising the Group, as if the group structure upon the completion of the Reorganisation had been in existence throughout the years ended 31 March 2017 and 2018 or since the respective dates of incorporation, which is a shorter period. The consolidated statement of financial position of the Group as at 31 March 2017 has been prepared to present the assets and liabilities of the companies now comprising the Group, using their existing carrying amounts, as if the current group structure upon the completion of the Reorganisation had been in existence at that date.

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

The Group has consistently applied all the new and revised HKFRSs, Hong Kong Accounting Standards ("**HKAS**"), amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants that are effective for the Group's accounting period beginning on 1 April 2017 for the years ended 31 March 2017 and 2018.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] Effective for annual periods beginning on or after a date to be determined
[4] Effective for annual periods beginning on or after 1 January 2021

4. REVENUE AND SEGMENT INFORMATION

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.

Segment revenue and results

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

For the year ended 31 March 2018

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

For the year ended 31 March 2017

	Fitting-out work *HK$'000*	Renovation work *HK$'000*	Total *HK$'000*
Segment revenue	148,883	76,987	225,870
Segment profit	18,051	8,551	26,602
Unallocated income			748
Unallocated expenses			(10,767)
Profit before tax			16,583

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

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. PROFIT BEFORE TAX

	2018 ***HK$'000***	2017 *HK$'000*
Profit before tax has been arrived at after charging:		
Directors' emolument		
Fees	**27**	–
Salaries, allowances and other benefits	**2,534**	2,105
Discretionary bonus	**1,150**	670
Retirement benefit scheme contributions	**50**	49
	3,761	2,824
Other staff costs		
Salaries, allowances and other benefits	**17,034**	10,206
Discretionary bonus	**2,562**	1,481
Retirement benefit scheme contributions	**720**	439
	20,316	12,126
Total staff costs	**24,077**	14,950
Less: amounts included in cost of services	**(18,153)**	(10,462)
Amounts included in administrative expenses	**5,924**	4,488
Auditor's remuneration	**850**	663
Depreciation of plant and equipment	**398**	364
Loss on disposal of plant and equipment	**141**	17

6. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
– current year	**3,675**	3,065

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

7. DIVIDENDS

During the year ended 31 March 2018, DCB declared dividends of HK$276 (2017: HK$500) per share amounting to HK$3,000,000 (2017: HK$5,000,000) to its then shareholders prior to the completion of the Reorganisation and settled through cash.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2018 of HK1.2 cents (2017: nil) per ordinary share, in an aggregate amount of HK$3,840,000 (2017: nil), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

8. EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the year attributable to the owners of the Company)	**6,996**	13,518
	'000	*'000*
Number of shares:		
Number of ordinary shares for the purpose of basic earnings per share	**250,082**	222,904

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the years ended 31 March 2018 and 2017 has been determined on the assumption that the Reorganisation set out in note 2 and the capitalisation issue as described in note 12 had been effective on 1 April 2016.

No diluted earnings per share is presented for the years ended 31 March 2018 and 2017 as there were no potential ordinary shares in issue.

9. TRADE AND OTHER RECEIVABLES

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

Included in the Group's trade receivables balance as at 31 March 2018 with aggregate carrying amount of HK$17,525,000 (2017: HK$19,796,000) 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:

	2018	2017
	HK$'000	*HK$'000*
Overdue:		
0-30 days	**15,132**	11,524
31-60 days	**602**	5,464
61-90 days	**1,004**	53
Over 90 days	**787**	2,755
	17,525	19,796

No provision for doubtful debts had been recognised as at 31 March 2018 (2017: nil).

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

	2018	2017
	HK$'000	*HK$'000*
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**83,103**	34,560
Amounts due to customers for contract work	**(7,716)**	(10,655)
	75,387	23,905

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 (2017: HK$11,949,000), which was expected to be recovered or settled in more than twelve months from the end of the reporting period.

As at 31 March 2017, included in amounts due to customers from contract work were related to the excess of progress billings over contract cost incurred for an incomplete renovation project of Mr. Dick Cheng amounted to HK$441,000 (2018: nil).

11. TRADE AND OTHER PAYABLES

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

	2018	2017
	HK$'000	*HK$'000*
1-30 days	**34,370**	2,695
31-60 days	**–**	2,778
61-90 days	**–**	3,404
Over 90 days	**9,070**	6,328
	43,440	15,205

12. SHARE CAPITAL

The issued share capital as at 31 March 2017 represented the aggregate share capital of the Company amounting to HK$0.01 at par value and DCB amounting to HK$10,010,000.

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. Upon completion of the aforesaid allotment, DCB was owned as to 50.60%, 32.20%, 9.20% and 8.00% by Mr. Dick Cheng, Mr. Dennis Cheng, Ms. Lily Liu and the Pre-IPO Investor, respectively. As at 31 March 2017, DCB has a paid up share capital of HK$10,010,000.

Share capital as at 31 March 2018 represented the share capital of the Company. Details of the Company's shares are disclosed as follows:

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

Notes:

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

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

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

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

During the Year, the Group was awarded a total of 12 projects (2017: 8 projects) each with contract sum over HK$1 million, which comprised 7 fitting-out projects and 5 renovation projects (2017: 4 fitting-out projects and 4 renovation projects) with a total contract sum of approximately HK$330.4 million (2017: HK$131.0 million).

Out of these 12 projects (2017: 8 projects), 8 projects (2017: 3 projects) each with a contract sum over HK$10 million contributed a revenue of approximately HK$127.5 million for the Year (2017: HK$33.6 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.

For the Year, the Group's revenue was approximately HK$273.7 million, representing an increase of approximately 21.2% as compared to the revenue of approximately HK$225.9 million for the Previous Year. Such increase was mainly attributable to an increase in revenue from renovation work of approximately HK$40.6 million, or approximately 52.7%, and an increase in revenue from fitting-out work of approximately HK$7.2 million, or approximately 4.8% for the Year. The increase in revenue from renovation work for the Year was mainly driven by revenue contributed by some of the renovation projects with contract sum over HK$1 million, included the renovation work for (i) a hotel located in Tsuen Wan, which contributed revenue of approximately HK$47.3 million; (ii) a house of a private estate located in Tai Tam, which contributed revenue of approximately HK$38.9 million; (iii) clubhouse and lobby of a residential building at Central, which contributed revenue of approximately HK$6.9 million; and (iv) a house at Tai Tam, which contributed revenue of approximately HK$6.0 million, for the Year.

Cost of Services and Gross Profit

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

The overall gross profit increased by approximately HK$7.6 million or 28.7% from approximately HK$26.6 million in 2017 to approximately HK$34.2 million in 2018, which was primarily attributable to the increase in gross profit of both (i) fitting-out work from approximately HK$18.1 million to approximately HK$19.7 million; and (ii) renovation work from approximately HK$8.6 million to approximately HK$14.6 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 Year. The Group's gross profit margin for the Year increased to approximately 12.5% from approximately 11.8% for the Previous Year mainly due to better profit margin for certain projects undertaken during the Year.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK$10.7 million and approximately HK$7.5 million for the years ended 31 March 2018 and 2017 respectively, representing an increase of approximately 42.5%. Such increase was primarily due to the increase in staff costs by approximately HK$2.4 million.

Income Tax Expense

Income tax expense of the Group for the Year was approximately HK$3.7 million (2017: HK$3.1 million) and such growth was consistent with the increase in assessable profits during the Year as compared to the Previous Year. Listing expenses incurred during the Year and Previous Year were not deductible for tax purpose.

Profit and Total Comprehensive Income for the Year

Profit and total comprehensive income for the year attributable to the owners of the Company decreased by approximately HK$6.5 million or 48.2% from approximately HK$13.5 million for the Previous Year to approximately HK$7.0 million for the Year.

Such decrease was primarily attributable to the net effect of (i) the listing expenses incurred by the Group for its listing exercise during the Year; (ii) the increase in the administrative expenses incurred by the Group for the Year; and (iii) the increase in revenue and gross profit for the Year.

Borrowing Facilities

As at 31 March 2018, the Group has obtained credit facilities from banks up to a maximum amount of approximately HK$59.1 million (2017: HK$111.7 million), which include, but not limited to, revolving loan, overdraft, term loan and bank guarantee. Out of total banking facilities, term loan facility of HK$2.2 million (2017: revolving loan facility of HK$16.5 million) was outstanding and repayable within one year. As at 31 March 2018, the total value of guarantees under surety bonds issued in favour of the Group's customers amounted to approximately HK$31.7 million (2017: HK$20.2 million). The bank borrowings are denominated in Hong Kong dollars and carried at variable rate of Hong Kong Inter-bank Offered Rate ("**HIBOR**") + 2.5% (2017: HIBOR + 2%).

LIQUIDITY AND FINANCIAL RESOURCES

The Group practiced prudent financial management and maintained a strong and sound financial position during the year ended 31 March 2018. As at 31 March 2018, the Group had bank balances and cash of approximately HK$45.9 million (2017: HK$23.0 million). The increase in bank balances and cash was mainly due to the net proceeds from listing of approximately HK$36.4 million. As at 31 March 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. The current ratio improved from approximately 1.7 time as at 31 March 2017 to 2.5 time as at 31 March 2018. The gearing ratio, calculated based on the total borrowings divided by total equity at the end of the year and multiplied by 100%, decreased from approximately 47.9% as at 31 March 2017 to approximately 2.5% as at 31 March 2018 due to the use of proceeds for settlement of the bank borrowings. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

CAPITAL STRUCTURE

The shares of the Company were successfully listed on GEM of the Stock Exchange on 14 February 2018. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares. As at 31 March 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 31 March 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 Year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PLEDGE OF ASSETS

As at 31 March 2017 and 2018, the Group did not have pledged assets.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 March 2017 and 2018.

CAPITAL COMMITMENTS

As at 31 March 2017 and 2018, the Group did not have any capital commitments.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

The Group did not have any other plans for material investment and capital assets as at 31 March 2018.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save for the corporate reorganisation actions disclosed under note 2 of the consolidated financial statements in this announcement, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2018.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group employed a total of 65 employees (2017: 57 employees). The staff costs, including directors' emoluments, of the Group were approximately HK$24.1 million for the year ended 31 March 2018 (2017: approximately HK$15.0 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end discretionary bonuses were offered to those staff with outstanding performance to attract and retain eligible employees to contribute to the Group. The Group operates a defined contribution mandatory provident fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of its employees in Hong Kong in accordance with the rules of the MPF Scheme.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the year ended 31 March 2018.

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 31 March 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	The Group continued to pitch for new projects. No significant upfront costs have been paid for the new projects.
Rental of additional office space	The Group has identified suitable office space for expansion.
Purchase a new vehicle	The Group had purchased a new vehicle.
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 two assistant project managers, one assistant 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.

USE OF LISTING PROCEEDS

The net proceeds from the Listing, after deducting listing related expenses, were approximately HK$36.4 million. After the Listing, these proceeds were used for the purposes in accordance with the "Future Plans and Use of Proceeds" as set out in the Prospectus. The unutilised amount out of the planned amount of the net proceeds from the Listing as at 31 March 2018 was approximately HK$2.6 million.

An analysis of the planned amount utilised up to 31 March 2018 is set out below:

	Planned amount utilised up to 31 March 2018	**Actual utilised amount as at 31 March 2018**	**Unutilised amount out of the planned amount as at 31 March 2018**
	HK$'000	*HK$'000*	*HK$'000*
Expand the Group's business in the fitting-out and renovation industry *(Note i)*	2,301	295	2,006
Further expand our in-house team and capacity to cope with future business opportunities *(Note ii)*	866	296	570
Reduce gearing ratio by repaying bank borrowings	6,297	6,297	–
General working capital	3,531	3,531	–
Total	12,995	10,419	2,576

Notes:

(i) The actual use of proceeds for expand the Group's business in the fitting-out and renovation industry was approximately HK$0.3 million which is less than approximately HK$2.3 million. This is because the Group continued to pitch for new projects and no large-scaled project was awarded from the Listing Date up to 31 March 2018.

(ii) The actual use of proceeds for further expand in-house team and capacity to cope with future business opportunities was approximately HK$0.3 million which is less than the planned amount of approximately HK$0.9 million. This is mainly because the Group is in the progress of hiring more suitable staffs.

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

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

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

During the period from the Listing Date to 31 March 2018 (the "**Period**"), the Board considers that the Company has complied with all the corporate governance codes (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT REGARDING DIRECTOR'S SECURITIES TRANSACTIONS

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

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

As at 31 March 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	Approximate percentage shareholding
Mr. Cheng Tsang Wai ("**Mr. Dick Cheng**")	Interest in controlled corporation *(Note 1)*	220,800,000	69.0%
Mr. Cheng Tsang Fu Dennis ("**Mr. Dennis Cheng**")	Interest in controlled corporation *(Note 1)* / interest of spouse *(Note 2)*	220,800,000	69.0%
Ms. Liu Lee Lee Lily ("**Ms. Liu**")	Interest in controlled corporation *(Note 1)* / interest of spouse *(Note 2)*	220,800,000	69.0%

Notes:

(1) The entire issued share capital of Advance Goal Group Limited ("**Advance Goal**") is legally and beneficially owned as to 55%, 35% and 10% by Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily, respectively. Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily are parties acting in concert. Accordingly, Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily are deemed to be collectively interested in 220,800,000 Shares held by Advance Goal by virtue of the SFO.

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

Saved as disclosed above, as at 31 March 2018, none of the Directors and chief executives of the Company had any other interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 to Rule 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

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

So far as the Directors are aware, as at 31 March 2018, other than the Directors or chief executives of the Company whose interests or short positions are disclosed under the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations" above, the following person has an interest or short position in the shares or underlying shares of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, and who were expected, directly or indirectly, to be interested in 5% or more of the issued shares of the Company are listed as follows:

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

Name of shareholder	Capacity/ Nature of interest	Number of ordinary shares held	Approximate percentage shareholding
Advance Goal *(Note 1)*	Beneficial owner	220,800,000	69.00%
Ms. Chow Siu Shan Juliana *(Note 2)*	Interest of spouse	220,800,000	69.00%
Active Achievor Limited	Beneficial owner	19,200,000	6.00%
Ms. Cheng Fat Ning Lenda *(Note 3)*	Interest in controlled corporation	19,200,000	6.00%

Notes:

(1) The entire issued share capital of Advance Goal is legally and beneficially owned as to 55%, 35% and 10% by Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily, respectively. Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily are parties acting in concert. Accordingly, Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis, Ms. Liu Lee Lee Lily are deemed to be collectively interested in 220,800,000 Shares held by Advance Goal by virtue of the SFO.

(2) Ms. Chow Siu Shan Juliana is the spouse of Mr. Cheng Tsang Wai. Under the SFO, Ms. Chow Siu Shan Juliana is deemed to be interested in the 220,800,000 Shares owned by Mr. Cheng Tsang Wai through Advance Goal.

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

Saved as disclosed above, as at 31 March 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 Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations" above) who had, or deemed to have, interests or short positions in the shares, underlying shares or debentures of the Company which has to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept under Section 336 of the SFO, or who were directly or indirectly interested in 5% or more of the issued shares of the Company.

DIRECTORS' RIGHTS TO ACQUIRE SECURITIES OR DEBENTURE

Other than as disclosed under the section "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or Its Associated Corporations" above, at no time during the 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 shares during Period.

COMPETITION AND CONFLICT OF INTERESTS

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

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

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

INTEREST OF COMPLIANCE ADVISER

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

AUDIT COMMITTEE

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with

Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting ("**AGM**") of the Company will be held on 6 August 2018 (Friday), at 11:00 a.m., at Ming Room II, 4/F Sheraton Hong Kong Hotel & Towers, 20 Nathan Road, Kowloon, Hong Kong. A notice convening the AGM will be published and despatched to the shareholders of the Company in the manner required by the GEM Listing Rules in due course.

DIVIDENDS

The Board is pleased to share the Group's performance with the shareholders of the Company and recommends the payment of a final dividend for the year ended 31 March 2018 of HK1.2 cents per share amounting to HK$3,840,000.

The payment of the proposed final dividend is subject to approval by shareholders at the AGM. The final dividend is payable to the shareholders whose names appear of the register of members of the Company at Tuesday, 14 August 2018 and expected to be paid on Tuesday, 4 September 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 1 August 2018 to Monday, 6 August 2018 (both days inclusive), during which period no transfer of shares will be registered. In order to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited (the "**Hong Kong Share Registrar**"), at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 31 July 2018.

The register of members of the Company will be closed from Friday, 10 August 2018 to Tuesday, 14 August 2018 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Hong Kong Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 9 August 2018.

PUBLICATION OF 2018 ANNUAL REPORT

The 2018 annual report of the Company containing all the information required by the GEM Listing Rules will be despatched to the shareholders of the Company and will also be published on the website of the Company at www.dcb.com.hk in due course.

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

Hong Kong, 25 June 2018

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

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

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