

DCB Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code : 8040)

The background features a complex, abstract geometric design. It consists of several overlapping, translucent planes that create a sense of depth and movement. The planes are decorated with various patterns, including a repeating geometric motif, a floral or star-like pattern, and a textured, wood-grain-like surface. The overall color palette is muted, featuring shades of beige, cream, and light brown, with some darker brown and green accents. The lighting is soft and directional, casting subtle shadows and highlights that emphasize the three-dimensional quality of the design.

2018

Third Quarterly Report

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

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

FINANCIAL HIGHLIGHTS

For the nine months ended 31 December 2018 (the “Period”):

- Revenue of the Group was approximately HK\$249.6 million, representing an increase of approximately 32.0% as compared to that of approximately HK\$189.0 million for the nine months ended 31 December 2017 (the “Previous Period”).
- Profit and total comprehensive income for the Period was approximately HK\$9.6 million. (Previous Period: HK\$0.8 million). Excluding the one-off non-recurring listing expenses of approximately HK\$9.2 million recorded for the Previous Period, the profit and total comprehensive income of approximately HK\$9.6 million for the period would represent a decrease of approximately 4.6% as compared to the previous period.
- The Board does not recommend the payment of an interim dividend for the Period.
- Earnings per share of the Company was approximately HK2.99 cents (Previous Period: HK0.35 cents).

FINANCIAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Group for the Period, together with the unaudited comparative figures for the corresponding period in 2017, as follows:

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

For the three months and nine months ended 31 December 2018

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2018	2017	2018	2017
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	5	108,256	59,552	249,560	189,012
Cost of services		(98,691)	(52,955)	(224,295)	(169,770)
Gross profit		9,565	6,597	25,265	19,242
Other income	6	2	1	75	1
Administrative expenses		(5,784)	(2,392)	(13,611)	(7,076)
Finance costs	7	(128)	(163)	(204)	(283)
Listing expenses		–	(513)	–	(9,190)
Profit before tax	8	3,655	3,530	11,525	2,694
Income tax expenses	9	(685)	(682)	(1,965)	(1,862)
Profit and total comprehensive income for the period		2,970	2,848	9,560	832
Earnings per share					
Basic (HK cents)	11	0.93	1.19	2.99	0.35

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2018

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2017 (Audited)	10,010	–	–	24,458	34,468
Profit and total comprehensive income for the period	–	–	–	832	832
Dividends recognised as distribution (Note 10)	–	–	–	(3,000)	(3,000)
Effect of group reorganisation (Note)	(10,010)	–	10,010	–	–
At 31 December 2017 (Unaudited)	–	–	10,010	22,290	32,300
At 1 April 2018 (Audited)	3,200	48,097	10,010	28,454	89,761
Profit and total comprehensive income for the period	–	–	–	9,560	9,560
Dividends recognised as distribution (Note 10)	–	–	–	(3,840)	(3,840)
At 31 December 2018 (Unaudited)	3,200	48,097	10,010	34,174	95,481

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The 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 28 January 2019.

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 December 2018 are presented in Hong Kong dollars (“HK\$”), which is same as the functional currency of the Company and its subsidiaries.

2. REORGANISATION AND BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

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

- (i) On 3 January 2017, Multi Rewards Limited (“Multi Rewards”) was incorporated in the BVI with limited liability with authorised share capital of 50,000 shares of US\$1.00 par value of a single class;
- (ii) On 20 February 2017, DCB, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Lily Liu entered into a subscription agreement with Ms. Cheng Fat Ning Lenda (“Pre-IPO Investor”), sister of Mr. Dick Cheng and Mr. Dennis Cheng, and sister-in-law to Ms. Lily Liu, pursuant to which 870 shares of DCB were allotted and issued to the Pre-IPO Investor for a total cash consideration of HK\$10,000,000;

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

- (iii) On 8 March 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the date of incorporation, one nil-paid share was allotted and issued to the initial subscriber, an independent third party. On the same date, the share was transferred to Advance Goal, a company incorporated in the BVI with limited liability on 3 January 2017 and wholly-owned by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Lily Liu in the ratio of 55%, 35% and 10%, respectively;
- (iv) On 16 March 2017, one share in Multi Rewards was allotted and issued to the Company for cash at par;
- (v) On 8 June 2017, Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Lily Liu transferred their respective shareholding interest in DCB to Multi Rewards in consideration of the Company allotting and issuing 91 shares to Advance Goal credited as fully paid and crediting as fully paid the initial share held by Advance Goal. The basis of consideration of the above transfer is determined with reference to the respective shareholding interests held by Mr. Dick Cheng, Mr. Dennis Cheng and Ms. Liu in DCB; and
- (vi) On 8 June 2017, the Pre-IPO Investor transferred the shareholding interest in DCB to Multi Rewards, in consideration of the Company allotting and issuing 8 shares to Active Achievor Limited (“Active Achievor”), a company incorporated in the BVI with limited liability on 30 March 2017 and wholly-owned by the Pre-IPO Investor, credited as fully paid. The basis of consideration of the above transfer is determined with reference to shareholding interests held by the Pre-IPO Investor in DCB.

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

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

3. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements for the nine months ended 31 December 2018 (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 HK\$ and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the Financial Statements requires the Company’s 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.

In preparing the Financial Statements, the significant judgments made by the Company’s management in applying the Group’s accounting policies and the key sources of estimation uncertainty are the same as those that applied to the Group’s audited consolidated financial statements for the year ended 31 March 2018. 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.

4. SEGMENT INFORMATION

The Group’s reportable and operating segments under HKFRS 8 “Operating Segments” 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.

No geographical information is presented as the Group’s revenue are all derived from operations in Hong Kong.

5. REVENUE

An analysis of the Group's revenue recognised during the Period is as follows:

	Three months ended		Nine months ended	
	31 December		31 December	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue				
Fitting-out work	60,761	23,433	162,302	111,402
Renovation work	47,495	36,119	87,258	77,610
Total	108,256	59,552	249,560	189,012

6. OTHER INCOME

	Three months ended		Nine months ended	
	31 December		31 December	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Bank interest income	2	1	17	1
Others	–	–	58	–
Total	2	1	75	1

7. FINANCE COSTS

Finance costs represent interest on bank borrowings.

8. PROFIT BEFORE TAX

	Three months ended		Nine months ended	
	31 December		31 December	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit before tax has been arrived at after charging:				
Directors' emolument				
Fees	54	–	162	–
Salaries, allowances and other benefits	858	516	2,563	1,637
Discretionary bonus	1,395	62	1,725	414
Retirement benefit scheme contributions	14	13	41	37
	2,321	591	4,491	2,088
Other staff costs				
Salaries, allowances and other benefits	8,351	4,390	19,931	11,609
Discretionary bonus	753	433	3,712	1,612
Retirement benefit scheme contributions	267	205	727	508
	9,371	5,028	24,370	13,729
Total staff costs	11,692	5,619	28,861	15,817
Less: amounts included in cost of services	(7,519)	(4,345)	(20,253)	(11,968)
Amounts included in administrative expenses	4,173	1,274	8,608	3,849
Auditors' remuneration	213	250	638	750
Depreciation of plant and equipment	88	93	266	292
Loss on disposal of plant and equipment	–	–	–	141

9. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Hong Kong Profits Tax	685	682	1,965	1,862

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 (Previous Period: 16.5% on the estimated assessable profits).

10. DIVIDEND

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2018.

During the nine months ended 31 December 2017, DCB declared dividends of HK\$276 per share amounting to HK\$3,000,000 to its shareholders and settled through cash in January 2018.

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

11. 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 31 December		Nine months ended 31 December	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Earnings:				
Earnings for the purpose of basic earnings per share (profit for the period attributable to the owners of the Company)	2,970	2,848	9,560	832
	'000	'000	'000	'000
Number of shares:				
Number of ordinary shares for the purpose of calculating basic earnings per share	320,000	240,000	320,000	240,000

The number of ordinary shares for the purpose of calculating basic loss per share for nine months ended 31 December 2017 has been determined on the assumption that the Reorganisation set out in Note 2 and the issue of 239,999,900 ordinary shares pursuant to the capitalisation issue as referred to the section headed "Share Capital" in the Prospectus has been effective on 1 April 2017.

No diluted earnings per share are presented as there were no potential ordinary shares in issue during the Period and in the Previous Period.

12. COMMITMENTS

Commitments under operating leases

At 31 December 2018, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	At 31 December 2018 HK\$'000 (Unaudited)	At 31 March 2018 HK\$'000 (Audited)
Within one year	1,870	338
In the second to fifth year inclusive	606	–
	2,476	338

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.

During the Period, the Group was awarded a total of six projects (Previous Period: nine projects) each with contract sum over HK\$1 million, which comprised two fitting-out projects and four renovation projects (Previous Period: four fitting-out projects and five renovation projects) with a total contract sum of approximately HK\$219.0 million (Previous Period: HK\$272.2 million).

The Group will continue to focus on the opportunities in renovation works and fitting-out works in Hong Kong. The Group will further expand its business whilst maintaining a sustainable and competitive business model through the following strategies:

- Strengthen its financial capabilities to undertake more new and larger scale fitting-out and renovation projects
- Further expand its business in the non-residential sector
- Expand its customer base to capture new sources of projects
- Further expand its in-house team and capacity to cope with future business opportunities

Financial Review

Revenue

The Group's overall revenue increased from approximately HK\$189.0 million for the Previous Period to approximately HK\$249.6 million for the Period, representing an increase of approximately 32.0%.

The revenue for fitting-out works for the Period was approximately HK\$162.3 million, represented an increase of approximately 45.7% from approximately HK\$111.4 million for the Previous Period. The increase was mainly due to revenue contributed by the large-scaled fitting-out projects located in Repulse Bay, Shek O, Tsuen Wan, Jardine's Lookout, Kowloon City and Pok Fu Lam, which contributed an aggregate revenue of approximately HK\$143.8 million for the Period.

The revenue for renovation works for the Period was approximately HK\$87.3 million, represented an increase of approximately 12.4% from approximately HK\$77.6 million for the Previous Period. The increase was mainly due to revenue contributed from the large-scaled renovation projects in Tsuen Wan, The Peak and Deep Water Bay which contributed an aggregate revenue of approximately HK\$62.3 million.

Cost of Services

The Group's cost of services increased from approximately HK\$169.8 million for the Previous Period to approximately HK\$224.3 million for the Period, representing an increase of approximately 32.1%. Such increase was generally in line with the increase of revenue.

Gross Profit

The Group's gross profit amounted to approximately HK\$25.3 million and HK\$19.2 million for the nine months ended 31 December 2018 and 2017 respectively, representing an increase of approximately 31.3%. Such increase was generally in line with the increase of revenue.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK\$13.6 million and HK\$7.1 million for the nine months ended 31 December 2018 and 2017 respectively, representing an increase of approximately 92.4%. Such increase was primarily due to an increase in staff costs, rent and rates and legal and professional fees incurred during the Period.

Finance Costs

For the nine months ended 31 December 2018 and 2017, the Group's finance costs amounted to approximately HK\$204,000 and HK\$283,000 respectively, representing a decrease of approximately 27.9%.

Income Tax Expense

For the nine months ended 31 December 2018 and 2017, the Group's income tax expense amounted to approximately HK\$2.0 million and HK\$1.9 million respectively, representing an increase of approximately 5.5%.

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\$9.6 million, (Previous Period: 0.8 million). Excluding the one-off non-recurring listing expenses of approximately HK\$9.2 million for the Previous Period, the profit and total comprehensive income for the Previous Period of the Group would have been approximately HK\$10.0 million and the profit and total comprehensive income of approximately HK\$9.6 million for the Period would represent a decrease of approximately 4.6% as compared to the Previous Period.

Dividend

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2018.

During the nine months ended 31 December 2017, DCB declared dividends of HK\$276 per share amounting to HK\$3,000,000 to its shareholders and settled through cash in January 2018.

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

Liquidity and Financial Resources

The bank balances and cash of the Group as at 31 December 2018 were approximately HK\$10.5 million (31 March 2018: approximately HK\$45.9 million). The Group intends to finance its future operations and capital expenditures with cash flow from operating activities and the net proceeds from listing. The Group's primary uses of cash have been and are expected to continue to be operating costs and capital expenditure.

Gearing Ratio

The gearing ratio of the Group as at 31 December 2018 was 13.6% (31 March 2018: approximately 2.5%). Such increase is mainly due to the increase in bank borrowings. The gearing ratio is calculated based on total bank borrowings at the end of the respective period divided by total equity at the end of the respective period and multiplied by 100%.

Treasury Policy

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.

Capital Structure

The shares of the Company (the "Share") were listed on GEM of the Stock Exchange on 14 February 2018. The share capital of the Company only comprises of ordinary shares.

Capital Commitment

As at 31 December 2018 and 2017, the Group did not have any capital commitment.

Employees and Remuneration policies

As at 31 December 2018, the Group had a total of 73 employees (31 March 2018: 65 employees). Total staff costs amounted to approximately HK\$28.9 million for the Period, as compared to approximately HK\$15.8 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance Code

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

Code of Conduct Regarding Director's Securities Transactions

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

Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares and Debentures of the Company or its Associate Corporations

As at 31 December 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 of shareholder	Capacity/ Nature of interest	Interest in Shares held	Percentage of shareholding in the Company's issued share capital
Mr. Cheng Tsang Wai ("Mr. Dick Cheng")	Interest in controlled corporation (<i>Note 1</i>)	214,400,000	67%
Mr. Cheng Tsang Fu Dennis ("Mr. Dennis Cheng")	Interest in controlled corporation (<i>Note 1</i>)/ interest of spouse (<i>Note 2</i>)	214,400,000	67%
Ms. Liu Lee Lee Lily ("Ms. Liu")	Interest in controlled corporation (<i>Note 1</i>)/ interest of spouse (<i>Note 2</i>)	214,400,000	67%

Note:

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

Save as disclosed above, as at 31 December 2018, none of the Directors nor chief executive of the Company has registered an interests and short positions 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 31 December 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/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:

Name of shareholder	Capacity/ Nature of interest	Interest in Shares held	Percentage of shareholding in the Company's issued share capital
Advance Goal (Note 1)	Beneficial owner	214,400,000	67%
Ms. Chow Siu Shan Juliana (“Ms. Chow”) (Note 2)	Interest of spouse	214,400,000	67%
Active Achievor Limited (“Active Achievor”)	Beneficial owner	19,200,000	6%
Ms. Cheng Fat Ning Lenda (“Ms. Cheng”) (Note 3)	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 is the spouse of Mr. Dick Cheng. Under the SFO, Ms. Chow is deemed to be interested in the 214,400,000 shares owned by Mr. Dick Cheng through Advance Goal.
- (3) Active Achievor is wholly-owned by Ms. Cheng. Accordingly, Ms. Cheng is deemed to be interested in all the shares held by Active Achievor.

Saved as disclosed above, as at 31 December 2018, the Directors were not aware of any other person (other than the Directors or chief executives as disclosed in the paragraph headed “Directors’ and Chief Executives’ Interests and/or Short Positions in 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, redeemed or sold any of the Company’s listed securities during the Period.

Competing 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.

Interest of Compliance Adviser

As notified by the Company's compliance adviser, Halcyon Capital Limited (the "Compliance Adviser"), as at 31 December 2018, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 21 June 2017, neither the Compliance Adviser nor any of its close associates (as defined in the GEM Listing Rules) and none of the directors or employees of Halcyon Capital Limited had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

Pre-Emptive Rights

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

Audit Committee

The Company has set up an audit committee (the “Committee”) on 19 January 2018 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code. The primary duties of the Committee are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee risk management and internal control procedures of the Company. The Committee comprises the three independent non-executive Directors, namely Mr. Cheung Kwok Keung, who is the chairman of the Committee, Mr. Chak Chi Man and Mr. Chu Wai Wa Fangus. The unaudited condensed consolidated financial statements of the Group for the Period have been reviewed by the Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and adequate disclosures have been made.

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

Hong Kong, 28 January 2019

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