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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 2021

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 2021 (the “**Year**” or “**2021**”), the Group recorded a decrease in revenue of approximately 4.3% to approximately HK\$224.9 million from approximately HK\$235.0 million for the year ended 31 March 2020 (the “**Previous Year**” or “**2020**”). Due to a decrease in cost of services, the Group’s gross profit increased to approximately HK\$9.1 million for the Year from approximately HK\$8.9 million for the Previous Year.

The Group recorded a profit and other comprehensive income of approximately HK\$2.6 million for the Year, as compare to that of a loss and other comprehensive expense of approximately HK\$5.0 million for the Previous Year.

The Board is pleased to share the Group’s performance with the shareholders of the Company and recommends the payment of a final dividend for the year ended 31 March 2021 of HK1.1 cents per share amounting to HK\$3,520,000.

Earnings per share of the Company was approximately HK0.80 cents (2020: loss per share of HK1.55 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 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	4	224,875	234,991
Cost of services		(215,727)	(226,081)
Gross profit		9,148	8,910
Other income and gains	5	8,376	3,282
Administrative expenses		(14,834)	(16,742)
Finance costs	6	(132)	(253)
Profit/(loss) before tax	7	2,558	(4,803)
Income tax expense	8	—	(148)
Profit/(loss) and other comprehensive income/ (expense) for the year attributable to the owners of the Company		<u>2,558</u>	<u>(4,951)</u>
		2021 <i>HK cents</i>	2020 <i>HK cents</i>
Earnings/(loss) per share attributable to owners of the Company			
Basic	10	<u>0.80</u>	<u>(1.55)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		417	592
Right-of-use assets		2,279	1,377
		<u>2,696</u>	<u>1,969</u>
Current assets			
Trade and other receivables	11	10,242	14,231
Contract assets	12	55,106	70,353
Income tax recoverable		—	2,396
Pledged bank deposits		10,076	11,133
Bank balances and cash		47,050	31,532
		<u>122,474</u>	<u>129,645</u>
Current liabilities			
Trade and other payables	13	7,740	10,125
Contract liabilities	12	26,886	32,024
Lease liabilities		2,021	897
		<u>36,647</u>	<u>43,046</u>
Net current assets		<u>85,827</u>	<u>86,599</u>
Total assets less current liabilities		88,523	88,568
Non-current liabilities			
Lease liabilities		291	494
Other non-current liabilities		258	258
		<u>549</u>	<u>752</u>
Net assets		<u>87,974</u>	<u>87,816</u>
Capital and reserves			
Share capital	14	3,200	3,200
Reserves		84,774	84,616
Total equity		<u>87,974</u>	<u>87,816</u>

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. The Company's registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Group, comprising the Company and its subsidiaries is located at Room D, 12/F., Lucky Factory Building, 63–65 Hung To Road, Kwun Tong, Kowloon, Hong Kong. The directors consider the ultimate holding company to be the Company's parent company, Advance Goal Group Limited (“**Advance Goal**”), a private company incorporated in the British Virgin Islands (“**BVI**”), of which the Company's directors, Mr. Cheng Tsang Wai (“**Mr. Dick Cheng**”), Mr. Cheng Tsang Fu Dennis (“**Mr. Dennis Cheng**”) and Ms. Liu Lee Lee (“**Ms. Lily Liu**”), are shareholders.

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

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

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the preparation of the consolidated financial statements for the year ended 31 March 2021, the Group has applied, for the first time, the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments issued by the HKICPA:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 3	Definition of a business
Amendments to HKAS 1 and HKAS 8	Definition of material

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New standards and interpretations not yet adopted

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

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before intended use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ³
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2021

4 Effective for annual periods beginning on or after 1 June 2020

5 Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs not yet effective for the current year will have no material impact on the consolidated financial statements in the foreseeable future.

4. REVENUE AND SEGMENT INFORMATION

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

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

- (i) Fitting-out work — refers to works conducted on new buildings.
- (ii) Renovation work — refers to works carried out on existing buildings that involve upgrades and/or makeovers and/or demolition of existing works.

Segment revenue and results

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

For the year ended 31 March 2021

	Fitting-out work HK\$'000	Renovation work HK\$'000	Total HK\$'000
Segment revenue	<u>170,881</u>	<u>53,994</u>	<u>224,875</u>
Segment profit	<u>4,016</u>	<u>5,132</u>	9,148
Consultancy fee income			4,720
Government subsidies			3,602
Other unallocated income			54
Unallocated expenses			<u>(14,966)</u>
Profit before tax			<u>2,558</u>

For the year ended 31 March 2020

	Fitting-out work HK\$'000	Renovation work HK\$'000	Total HK\$'000
Segment revenue	<u>90,797</u>	<u>144,194</u>	<u>234,991</u>
Segment (loss) profit	<u>(3,108)</u>	<u>12,018</u>	8,910
Consultancy fee income			3,054
Government Subsidies			—
Other unallocated income			228
Unallocated expenses			<u>(16,995)</u>
Loss before tax			<u>(4,803)</u>

Segment revenue represents revenue from external customers. There were no inter-segment sales for the year ended 31 March 2021 (2020: Nil).

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 and gains, 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.

No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to the CODM and is not used for the purposes of resource allocation and performance assessment.

Other segment information

<i>For the year ended 31 March 2021</i>	Fitting-out work HK\$'000	Renovation work HK\$'000	Total HK\$'000
Capital expenditure allocated to segments	—	—	—
Unallocated capital expenditure			<u>3,205</u>
Total capital expenditure			<u><u>3,205</u></u>
Depreciation allocated to segments	—	—	—
Unallocated depreciation			<u>2,478</u>
Total depreciation			<u><u>2,478</u></u>
Impairment loss allocated to segments			
Trade and other receivables	103	105	208
Contract assets	112	379	491
Unallocated impairment loss on other receivables			<u>30</u>
Total impairment losses			<u><u>729</u></u>

<i>For the year ended 31 March 2020</i>	Fitting-out work HK\$'000	Renovation work HK\$'000	Total HK\$'000
Capital expenditure allocated to segments	—	—	—
Unallocated capital expenditure			1,257
			<hr/>
Total capital expenditure			1,257
			<hr/> <hr/>
Depreciation allocated to segments	—	—	—
Unallocated depreciation			2,500
			<hr/>
Total depreciation			2,500
			<hr/> <hr/>
Impairment loss allocated to segments			
Trade and other receivables	—	—	—
Contract assets	—	—	—
			<hr/>
Total impairment losses			—
			<hr/> <hr/>

Geographical information

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

5. OTHER INCOME AND GAINS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Bank interest income	38	136
Consultancy fee income	4,720	3,054
Gain on disposal of plant and equipment	—	76
Government subsidies under the Employment Support Scheme	3,602	—
Sundry income	16	16
	<u>8,376</u>	<u>3,282</u>

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on		
Bank borrowings	—	154
Lease liabilities	132	99
	<u>132</u>	<u>253</u>

7. PROFIT/(LOSS) BEFORE TAX

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) before tax has been arrived at after charging:		
Directors' emoluments		
Fees	216	216
Salaries, allowances and other benefits	4,250	3,904
Discretionary bonus	980	2,050
Retirement benefit scheme contributions	54	54
	<u>5,500</u>	<u>6,224</u>
Other staff costs		
Salaries, allowances and other benefits	26,213	27,000
Discretionary bonus	1,171	4,742
Retirement benefit scheme contributions	943	1,054
	<u>28,327</u>	<u>32,796</u>
Total staff costs	33,827	39,020
Less: amounts included in cost of services	<u>(25,116)</u>	<u>(28,221)</u>
Amounts included in administrative expenses	<u>8,711</u>	<u>10,799</u>
Auditor's remuneration	500	500
Depreciation of plant and equipment	228	396
Depreciation of right-of-use assets	2,250	2,104
Impairment loss on trade and other receivables	238	—
Impairment loss on contract assets	491	—
	<u><u>491</u></u>	<u><u>—</u></u>

8. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Hong Kong Profits Tax		
— provision for the year	—	—
— underprovision in prior years	—	148
	<u>—</u>	<u>148</u>
	<u>—</u>	<u>148</u>

No provision for Hong Kong Profits Tax for the current year has been made as the Group has sufficient tax losses brought forward which are available for set off against the Group's estimated assessable profits for the year. No provision for Hong Kong Profits Tax for the prior year has been made as the Group has no assessable profits for that year.

At the end of the reporting period, the Group has unused tax losses of approximately HK\$3,857,000 (2020: HK\$4,627,000) available for offsetting against future profits. No deferred tax asset has been recognised in respect of the unused tax losses due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

9. DIVIDENDS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividends recognised as distribution		
— Final dividend at HK0.75 cent per share for the year ended 31 March 2020 (2020: HK1.2 cents per share for the year ended 31 March 2019)	2,400	3,840
	<u>2,400</u>	<u>3,840</u>

During the year ended 31 March 2021, the final dividend of HK0.75 cent per share in respect of the year ended 31 March 2020 (2020: HK1.2 cents per share for the year ended 31 March 2019) was approved by the shareholders in the annual general meeting and the total final dividend of HK\$2,400,000 (2020: HK\$3,840,000) was paid by the Company.

No interim dividend for the year ended 31 March 2021 was declared by the Company (2020: Nil).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2021 of HK1.1 cents (2020: HK0.75 cents) per ordinary share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

10. EARNINGS/(LOSS) PER SHARE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Earnings/(loss) for the purpose of basic earnings/ (loss) per share		
Profit/(loss) for the year attributable to the owners of the Company	<u>2,558</u>	<u>(4,951)</u>
	2021 '000	2020 '000
Number of ordinary shares for the purpose of basic earnings/(loss) per share	<u>320,000</u>	<u>320,000</u>

No diluted earnings/(loss) per share is presented for the years ended 31 March 2021 and 2020 as there were no potential ordinary shares in issue for both of these years.

11. TRADE AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables, gross	7,577	12,227
Less: Impairment loss recognised	<u>(208)</u>	<u>—</u>
Trade receivables, less impairment losses	7,369	12,227
Other receivables, gross	1,521	959
Less: Impairment loss recognised	<u>(30)</u>	<u>—</u>
Other receivables, less impairment losses	1,491	959
Deposit and prepayments	<u>1,382</u>	<u>1,045</u>
Total trade and other receivables	<u><u>10,242</u></u>	<u><u>14,231</u></u>

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

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

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

The Group's trade receivables as at 31 March 2021 with the aggregate carrying amount of HK\$7,369,000 (2020: HK\$12,227,000) were past due at the reporting date, for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. Trade receivables are non-interest bearing.

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Overdue:		
0–30 days	4,835	6,907
31–60 days	56	3,179
61–90 days	2,368	1,993
Over 90 days	110	148
	<u>7,369</u>	<u>12,227</u>

An impairment assessment for trade receivables was performed at the reporting date based on expected credit loss provisioning methodology with reference to historical experience and forward-looking information.

Movements in the provision for impairment loss of trade receivables are as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	—	—
Impairment loss recognised	208	—
At end of the year	<u>208</u>	<u>—</u>

Other receivables at 31 March 2021 mainly represent advance to a third party amounted to HK\$1,520,000. The advance is unsecured, interest-free and repayable on demand.

Other receivables as at 31 March 2020 mainly represent receivable for consultancy services rendered by the Group amounted to HK\$958,000. This receivable was reclassified and included in contract assets during the current year.

The Group applies the lifetime expected credit loss basis to provide for expected credit loss in respect of other receivables. The provision rates are determined with reference to the expected credit rating of the debtors and their respective default rates (taking into consideration forward-looking information that is receivable and supportable available without undue costs or effort). At every reporting date, the default rates are reassessed and changes in the forward-looking information are considered.

Movements in the provision for impairment loss of other receivables are as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At the beginning of year	—	—
Impairment loss recognised	<u>30</u>	<u>—</u>
At end of year	<u>30</u>	<u>—</u>

The expected credit loss rates for the Group's trade receivables and other receivables are 2.7% (2020: Nil) and 2.0% (2020: Nil) respectively.

12. CONTRACT ASSETS/CONTRACT LIABILITIES

Contract assets

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fitting-out work	27,157	36,759
Renovation work	<u>28,440</u>	<u>33,594</u>
	55,597	70,353
Less: Impairment loss recognised	<u>(491)</u>	<u>—</u>
	<u>55,106</u>	<u>70,353</u>

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.

Included in contracts assets at 31 March 2021 are retention money held by customers for contract work amounted to a total of HK\$26,575,000 (2020: HK\$25,490,000), of which HK\$9,571,000 (2020: HK\$7,344,000) was expected to be recovered or settled in more than twelve months from the end of the reporting period. The customers of the Group normally hold retention money of typically 5% to 10% of each interim payment, to the maximum of 5% of the total contract amount. 50% of the retention money is usually released after the issue of the certificate of practical completion and the remaining portion is usually released upon the issue of certificate of making good defects after the expiry of the defect liability period which is typically 12 months or for certain projects 24 months.

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

The Group applies the lifetime expected credit loss basis to provide for expected credit loss in respect of contract assets. The provision rates are determined with reference to the expected credit rating of the debtors and their respective default rates (taking into consideration forward-looking information that is receivable and supportable available without undue costs or effort). At every reporting date, the default rates are reassessed and changes in the forward-looking information are considered.

The expected credit loss rate for the Group's contract assets is 0.9% (2020: Nil) for contract assets.

At 31 March 2021 and 2020, the credit loss allowance was estimated to be HK\$491,000 (2020: Nil).

Contract liabilities

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fitting-out work	21,957	21,152
Renovation work	4,929	10,872
	<u>26,886</u>	<u>32,024</u>

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

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Expected to be recognised within one year	38,124	20,976
Expected to be recognised after one year	71,498	139,536
	<u>109,622</u>	<u>160,512</u>

For all other contracts with an original expected duration of one year or less or are billed based on time incurred, as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

13. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payables	4,203	6,465
Accruals	3,537	3,660
	<u>7,740</u>	<u>10,125</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
1–30 days	3,728	1,574
31–60 days	5	1,028
61–90 days	7	359
Over 90 days	463	3,504
	<u>4,203</u>	<u>6,465</u>

14. SHARE CAPITAL

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

	Number of shares	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2019, 31 March 2020 and 31 March 2021	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 April 2019, 31 March 2020 and 31 March 2021	<u>320,000,000</u>	<u>3,200</u>

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 project manager and principal coordinator, the Group is responsible for the overall implementation of projects that include 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 2 projects (2020: 6 projects) each with contract sum over HK\$10 million, which comprised 1 fitting-out project and 1 renovation project (2020: 3 fitting-out projects and 3 renovation projects) with a total contract sum of approximately HK\$118.1 million (2020: 174.4 million) and contributed a revenue of approximately HK\$16.0 million for the Year (2020: HK\$68.9 million).

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

Financial Review

Revenue

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

For the Year under review, the Group's revenue was approximately HK\$224.9 million, representing a decrease of approximately 4.3% as compared to the revenue of approximately HK\$235.0 million for the Previous Year. Such decrease was mainly attributable to a decrease in revenue from renovation works of approximately HK\$90.2 million, or approximately 62.6%, and partially offset by an increase in revenue from fitting-out works of approximately HK\$80.1 million, or approximately 88.2%, for the Year.

The increase in revenue from fitting-out works was mainly driven by revenue contributed by several large-scaled fitting-out projects located in Deep Water Bay, Mid-levels East, Jardine's Lockout, Mid-levels and Repulse Bay contributed an aggregate revenue of approximately HK\$138.0 million for the Year.

The decrease in revenue from renovation works was mainly due to several large-scaled projects located in The Peak and Deep Water Bay were carried out in last financial year and as such the aggregate revenue contributed from these large-scaled projects decreased from approximately HK\$120.0 million for the Previous Year to approximately HK\$19.1 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 decrease in cost of services was generally in line with the decrease in revenue for the Year.

The overall gross profit increased by approximately HK\$0.2 million or 2.7% from approximately HK\$8.9 million for the Previous year to approximately HK\$9.1 million for the Year, which was primarily attributable to an increase in gross profit of fitting-out work from gross loss of approximately HK\$3.1 million for the Previous year to gross profit of approximately HK\$4.0 million for the Year; and partially offset by a decrease in gross profit of renovation work from approximately HK\$12.0 million for the Previous year to approximately HK\$5.1 million for the Year.

The increase in gross profit of the fitting-out work was mainly due to a better cost control on fitting-out projects for the Year while there was cost overrun for certain large-scaled fitting out projects in the Previous Year. The decreased in gross profit of the renovation work was mainly attributable to a decrease in revenue from renovation works.

Other income and gains

The Group's other income and gains increased by approximately HK\$5.1 million from approximately HK\$3.3 million for the Previous Year to approximately HK\$8.4 million for the Year. Such increase was primarily due to an increase in Government subsidies under the Employment Support Scheme of approximately HK\$3.6 million for the Year and an increase in consultancy fee income of approximately HK\$1.7 million for the Year.

Administrative Expenses

The Group's administrative expenses amounted to approximately HK\$14.8 million and HK\$16.7 million for the years ended 31 March 2021 and 2020 respectively, representing a decrease of approximately 11.4%. Such decrease was primarily due to the decrease in staff costs for the Year by HK\$2.1 million.

Income Tax Expense

Income tax expense of the Group for the Year was nil (2020: approximately HK\$0.1 million). No provision for Hong Kong Profits Tax for the Year has been made as the Group has sufficient tax losses brought forward which are available for set off against estimated assessable profits for the Year.

Profit/(Loss) and Other Comprehensive Income/(Expense) for the Year

As a result of aforesaid, the Group records a profit and other comprehensive income of approximately HK\$2.6 million for the Year, as compare to that of a loss and other comprehensive expense of approximately HK\$5.0 million for the Previous Year.

Borrowing Facilities

As at 31 March 2021, the Group has obtained credit facilities from banks up to a maximum amount of approximately HK\$81.9 million (2020: HK\$73.4 million), which include, but are not limited to, revolving loan, overdraft and bank guarantee. There was no outstanding bank loan as at 31 March 2021 (2020: Nil). As at 31 March 2021, the total value of guarantees under surety bonds issued in favour of the Group's customers amounted to approximately HK\$14.5 million (2020: HK\$31.5 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group practiced prudent financial management and maintained a strong and sound financial position during the year ended 31 March 2021. As at 31 March 2021, the Group had bank balances and cash of approximately HK\$47.1 million (2020: HK\$31.5 million). The increase in bank balances and cash was mainly due to the net cash generated from operating activities of approximately HK\$19.2 million and partially offset by (i) the increase in pledged deposits of approximately HK\$1.1 million; (ii) the repayment of lease liabilities of approximately HK\$2.4 million; and (iii) dividend payment of approximately HK\$2.4 million for the Year. As at 31 March 2021, the Group's bank balances and cash, except a small aggregate amount of approximately HK\$299,000 (2020: HK\$228,000) in foreign currencies including Renminbi and United States dollars, were held in Hong Kong dollars. The current ratio improved from approximately 3.0 time as at 31 March 2020 to 3.3 time as at 31 March 2021. The Group has no borrowing as at 31 March 2020 and 2021 and hence no applicable gearing ratio at the end of the Year. With available bank balances and cash and bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

CAPITAL STRUCTURE

As at 31 March 2020 and 2021, 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 2021.

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

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

PLEDGE OF ASSETS

As at 31 March 2021, the Group had bank deposits amounted to approximately HK\$10.1 million (2020: HK\$11.1 million) which were pledged to secure banking facilities granted to the Group.

SURETY BOND AND CONTINGENT LIABILITY

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

At the end of the reporting period, the Group had outstanding guarantees for performance bonds issued to customers as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Performance bonds issued by banks	<u>14,517</u>	<u>31,475</u>

CAPITAL COMMITMENTS

As at 31 March 2020 and 2021, the Group did not have any significant capital commitments.

FUTURE PLANS FOR MATERIAL INVESTMENT AND CAPITAL ASSETS

The Group did not have any other plans for material investment and capital assets as at 31 March 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2021.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group employed a total of 65 employees (2020: 67 employees). The staff costs, including directors' emoluments, of the Group were approximately HK\$33.8 million for the year ended 31 March 2021 (2020: approximately HK\$39.0 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. 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 2021.

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

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

During the Year, the Board considers that the Company has complied with all the corporate governance codes (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT REGARDING DIRECTOR’S SECURITIES TRANSACTIONS

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

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

As at 31 March 2021, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

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

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

Notes:

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

Saved as disclosed above, as at 31 March 2021, 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 2021, 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 (<i>Note 1</i>)	Beneficial owner	214,400,000	67%
Ms. Chow Siu Shan Juliana (<i>Note 2</i>)	Interest of spouse	214,400,000	67%
Active Achievor Limited	Beneficial owner	19,200,000	6%
Ms. Cheng Fat Ning Lenda (<i>Note 3</i>)	Interest in controlled corporation	19,200,000	6%

Notes:

- (1) The entire issued share capital of Advance Goal is legally and beneficially owned as to 55%, 35% and 10% by Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily, respectively. Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily are parties acting in concert. Accordingly, Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis, Ms. Liu Lee Lee Lily are deemed to be collectively interested in 214,400,000 Shares held by Advance Goal by virtue of the SFO.
- (2) Ms. Chow Siu Shan Juliana is the spouse of Mr. Cheng Tsang Wai. Under the SFO, Ms. Chow Siu Shan Juliana is deemed to be interested in the 214,400,000 Shares owned by Mr. Cheng Tsang Wai through Advance Goal.
- (3) Active Achievor Limited is wholly-owned by Ms. Cheng Fat Ning Lenda. Accordingly, Ms. Cheng Fat Ning Lenda is deemed to be interested in all of the Shares held by Active Achievor Limited.

Saved as disclosed above, as at 31 March 2021, 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 SHARES OR DEBENTURES

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s shares during the Year.

COMPETITION AND CONFLICT OF INTERESTS

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

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

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

AUDIT COMMITTEE

The Company established the audit committee on 19 January 2018 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. The terms of reference setting out the audit committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The audit committee has three members comprising the three independent non-executive Directors, namely Mr. Cheung Kwok Keung, Mr. Chak Chi Man and Mr. Chu Wai Wa Fangus. The chairman of the audit committee is Mr. Cheung Kwok Keung. The Group's annual results for the year ended 31 March 2021 have been reviewed by the audit committee.

SCOPE OF WORK OF MESSRS. CCTH CPA LIMITED

The figures in respect the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, CCTH CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by CCTH CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CCTH CPA Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (“AGM”) of the Company will be held on Monday, 2 August 2021, at 11:00 a.m., at Salon III, Lobby Level, Hyatt Regency Hong Kong, 18 Hanoi Road, Tsim Sha Tsui, 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 2021 of HK1.1 cents per share amounting to HK\$3,520,000.

The payment of the proposed final dividend is subject to approval by shareholders at the AGM. The final dividend is payable to the shareholders whose names appear on the register of members of the Company at Wednesday, 11 August 2021 and expected to be paid on Thursday, 2 September 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 28 July 2021 to Monday, 2 August 2021 (both days inclusive), during which period no transfer of shares will be registered. In order to attend and vote at the AGM, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Company’s Branch Share Registrar in Hong Kong, Tricor Investor Services Limited (the “**Hong Kong Share Registrar**”), at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 27 July 2021.

The register of members of the Company will be closed from Monday, 9 August 2021 to Wednesday, 11 August 2021 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfer of shares accompanied by the relevant share certificates and transfer forms must be lodged for registration with the Hong Kong Share Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 6 August 2021.

PUBLICATION OF 2020 ANNUAL REPORT

The 2021 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, 24 June 2021

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.