DCB Holdings Limited

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

ANNUAL REPORT
2017/18

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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.

Contents

Corporate Information

EXECUTIVE DIRECTORS
Mr. Cheng Tsang Wai (鄭曾偉) *(Chairman)*
Mr. Cheng Tsang Fu Dennis (鄭曾富)
(Chief Executive Officer)
Ms. Liu Lee Lee Lily (廖莉莉)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Cheung Kwok Keung (張國強)
Mr. Chak Chi Man (翟志文)
Mr. Chu Wai Wa Fangus (朱偉華)

AUDIT COMMITTEE
Mr. Cheung Kwok Keung (張國強) *(Chairman)*
Mr. Chak Chi Man (翟志文)
Mr. Chu Wai Wa Fangus (朱偉華)

REMUNERATION COMMITTEE
Mr. Chak Chi Man (翟志文) *(Chairman)*
Ms. Liu Lee Lee Lily (廖莉莉)
Mr. Chu Wai Wa Fangus (朱偉華)
Mr. Cheung Kwok Keung (張國強)

NOMINATION COMMITTEE
Mr. Cheng Tsang Wai (鄭曾偉) *(Chairman)*
Mr. Chu Wai Wa Fangus (朱偉華)
Mr. Cheung Kwok Keung (張國強)
Mr. Chak Chi Man (翟志文)

COMPANY SECRETARY
Mr. Au Hok Man Jefferson (歐學文)

AUTHORISED REPRESENTATIVES
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Mr. Au Hok Man Jefferson (歐學文)

COMPLIANCE OFFICER
Ms. Liu Lee Lee Lily (廖莉莉)

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STOCK CODE
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COMPANY WEBSITE
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CEO's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of DCB Holdings Limited (the "Company"), I am delighted to present this annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2018 to the shareholders of the Company.

The shares of the Company (the "Shares") were successfully listed (the "Listing") on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 February 2018. It was a milestone in the evolution of the Group, boosting our stakeholder confidence of raising the Group's profile.

PROSPECTS AND CHALLENGES

As the economy continues to grow, the spending power of an average consumer has also increased that fuels the demand for more superior fitting-out and renovation works. There is an increased interest in home décor as customers now perceive it as an expression of taste, style, needs and cultural preferences. This has propelled the values of fitting-out and renovation works in Hong Kong. As part of the response to rising consumer sophistication and expectation, some of our commercial customers are more motivated to adopt more stylish design and higher-quality materials to create a sense of lifestyle and luxury.

The fitting-out and renovation industry is highly fragmented, consisting of a large pool of service providers. Since fitting-outs and renovations can take a range of different forms and these kinds of projects can vary in size, customers can either hire contractors to carry out specific works or appoint project management consultants who coordinate and manage individual contractors to provide one-stop services. While price is a decisive factor in such a competitive market, an extensive company portfolio, a proven record of bringing customers great advices, superb craftsmanship and customer service excellence are also keys to business retention and expansion. The Group, through its deep industry expertise and experience, has successfully distinguished itself as a prestige service provider in the market of luxury residential properties. This market is characterised by high-value projects that can generate higher profit margins for the Group.

A major challenge facing the industry is the persistent labour shortage, resulting from an ageing workforce and a poor pipeline of young people. Shortage of skilled labour and strong demand for works has altogether pushed labour costs higher and this might hinder the Group's business growth.

RESULTS

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"). The growth was mainly driven by the increase in revenue from large-sized renovation projects for residential properties. The Group's gross profit also increased to approximately HK$34.2 million for the Year from approximately HK$26.6 million for the Previous Year.

The Group's profit attributable to shareholders decreased to approximately HK$7.0 million for the Year from approximately HK$13.5 million for the Previous Year. This was mainly due to the one-off listing expenses of approximately HK$12.4 million (2017: HK$2.5 million) incurred during the Year. Excluding such non-recurring expenses, the Group's profit would be approximately HK$19.4 million (2017: HK$16.0 million).

LOOKING AHEAD

Despite intense competition and rising costs of subcontractors, the Group remains optimistic about its business prospects as the demand for high-quality residential fitting-out and renovation works stays strong. We are confident that our profit margin can be maintained by passing some of the increased costs on to our customers.

As soon as the Company went public in 2018, there have been more resources available for business expansion. The Group will keep exploring new opportunities and diversify the business into other potential growth areas.

A NOTE OF APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my gratitude to our shareholders, clients, business partners, bankers, sub-contractors and suppliers for their continued confidence and support. I would also like to extend my sincere appreciation to the management and staff for their commitment and contribution throughout the year.

Cheng Tsang Fu Dennis
Executive Director and Chief Executive Officer

Hong Kong, 25 June 2018

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: 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: 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.

The following table shows our revenue by operating segment during the years ended 31 March 2018 and 2017:

	For the year ended 31 March			
	2018		2017	
	HK$'000	**%**	HK$'000	%
Fitting-out work	**156,097**	**57.0**	148,883	65.9
Renovation work	**117,593**	**43.0**	76,987	34.1
	273,690	**100.0**	225,870	100.0

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 following table shows our gross profit and gross profit margin by operating segment during the years ended 31 March 2018 and 2017:

	For the year ended 31 March			
	2018		2017	
	Gross Profit HK$'000	**Gross Profit Margin %**	Gross Profit HK$'000	Gross Profit Margin %
Fitting-out work	**19,670**	**12.6**	18,051	12.1
Renovation work	**14,555**	**12.4**	8,551	11.1
	34,225	**12.5**	26,602	11.8

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.

SEGMENT INFORMATION

Segmental information is presented for the Group as disclosed in note 6 to the consolidated financial statements.

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 annual report, 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 our 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 report, 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.

Management Discussion and Analysis

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 HK$'000	**Actual utilised amount as at 31 March 2018** HK$'000	**Unutilised amount out of the planned amount as at 31 March 2018** 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 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 HK$0.3 million which is less than the planned amount of HK$0.9 million. This is because the Group is in the progress of hiring more suitable staffs.

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

Biographical Details of the Directors of the Company and Senior Management

EXECUTIVE DIRECTORS

Mr. Cheng Tsang Wai ("**Mr. Dick Cheng**"), aged 62, is one of the founders and controlling shareholders of the Group and has been a director of DCB Company Limited ("DCB"), a wholly owned subsidiary of the Company, since June 2008. He was appointed as a Director on 8 March 2017 and redesignated as an executive Director and appointed as chairman of the Board on 29 May 2017. Mr. Dick Cheng is primarily responsible for the overall corporate strategies of the Group. He is also the chairman of the nomination committee of the Company. Mr. Dick Cheng has over 26 years of experience in corporate management. From May 1990 to September 1993, Mr. Dick Cheng was employed as a director of Laws International Group Limited (formerly known as Laws Fashion Knitters Limited) a company which carries on the business of garments retail. In June 1993, he was appointed as a director of Vicka Limited, a company engages in the business of garments manufacturing, and had been serving the same position till May 2010. Mr. Dick Cheng is the brother of Mr. Dennis Cheng and Mr. Richard Cheng, brother-in-law to Ms. Liu and uncle of Mr. Boris Cheng.

Mr. Cheng Tsang Fu Dennis ("**Mr. Dennis Cheng**"), aged 59, is one of the founders and controlling shareholders of the Group and has been a director of DCB since June 2008. He was appointed as a Director of the Company on 8 March 2017. He was appointed as our chief executive officer and redesignated as an executive Director on 29 May 2017. Mr. Dennis Cheng is primarily responsible for the day-to-day management, business development and overseeing the operations of the Group. Mr. Dennis Cheng has over 26 years of experience in the fitting-out and renovation industry and is an authorized signatory of DCB on the Register of Minor Works Contractors of the Buildings Department. From March 1980 to December 1988, Mr. Dennis Cheng worked as a project manager at J. T. J. Design (International) Limited, a design and contracting services company. He worked as a deputy general manager for Wah Hay Limited, a company engaged in the provision of design and contracting services, starting from 1988. He was subsequently appointed as a director of Sena Limited in September 1991. Prior to joining the Group, he had been serving as a director of Palrina Limited, a contracting firm, from September 1989 to April 2017. Mr. Dennis Cheng is the brother of Mr. Dick Cheng and Mr. Richard Cheng, spouse of Ms. Liu and father of Mr. Boris Cheng.

Ms. Liu Lee Lee Lily ("**Ms. Liu**"), aged 57, is one of the founders and controlling shareholders of the Group and has been a director of DCB since June 2008. She was appointed as a Director of the Company on 8 March 2017. She was redesignated as an executive Director and appointed as our compliance officer on 29 May 2017. She is mainly responsible for overseeing the human resources and administrative matters of the Group. She is also a member of the remuneration committee of the Company. Ms. Liu has over 30 years of experience in administration and human resources management. She was employed by Jenson International Development Limited, a company which carries on the business of trading of computers and commodities, during the period from September 1985 to December 1993, last served as an administrative manager. Prior to joining the Group, she had been serving as a director of Palrina Limited, a contracting firm, from September 1989 to April 2017. Ms. Liu is spouse of Mr. Dennis Cheng, mother of Mr. Boris Cheng and sister-in-law of Mr. Dick Cheng and Mr. Richard Cheng.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheung Kwok Keung ("**Mr. Cheung**"), aged 51, has been appointed as an independent non-executive Director of the Company on 19 January 2018. He is the chairman of the audit committee and a member of the remuneration and nomination committee of the Company.

Mr. Cheung obtained a professional diploma in accountancy from The Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1988. He was admitted as fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Society of Accountants (currently known as the Hong Kong Institute of Certified Public Accountants) in September 1998 and July 1993, respectively. He has since 1993 been involved in works of audit, accounting and/or financial management.

He is currently the chief financial officer and the company secretary of Lee & Man Paper Manufacturing Limited. He has also been serving as the company secretary of Lee & Man Chemical Company Limited, a company listed on Main Board of the Stock Exchange (stock code: 746) since August 2016. He is also an independent non-executive director of China Aoyuan Property Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 3883).

Mr. Chak Chi Man ("**Mr. Chak**"), aged 52, has been appointed as an independent non-executive Director of the Company on 19 January 2018. He is the chairman of the remuneration committee and member of the audit and nomination committee of the Company.

Mr. Chak obtained a bachelor's degree in social sciences from the University of Hong Kong in November 1987 and a master of science degree in finance from the City University of Hong Kong in December 1996. Mr. Chak has over 25 years of experience in the banking and finance sector in the PRC and Hong Kong.

He has been a director of Charterwood Assets Limited, an investment holding company, since November 2009. He has also been a responsible officer of Lapland Securities Limited, a corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities since April 2017.

Mr. Chu Wai Wa Fangus ("**Mr. Chu**"), aged 51, has been appointed as our independent non-executive Director on 19 January 2018. He is also a member of the audit, remuneration and nomination committee of the Company. Mr. Chu obtained a bachelor of arts degree in accountancy from The City University of Hong Kong (formerly known as the City Polytechnic of Hong Kong) in December 1994 and received a master of science degree in global business from The Chinese University of Hong Kong in October 2005.

Mr. Chu has over 20 years of experience in corporate management. In August 1997, Mr. Chu is a director of Excellent Management Limited, an integrated solutions and software company offering technology and consulting services to travel companies in Hong Kong and Asia-Pacific region. Mr. Chu is currently an independent non-executive director of Alpha Era International Holdings Limited (stock code: 8406), a company listed on GEM of the Stock Exchange.

He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and an associate of the Chartered Association of Certified Accountants.

SENIOR MANAGEMENT

Mr. Cheng Tsang Hin ("**Mr. Richard Cheng**"), aged 71, joined the Group in May 2010 as the financial controller. Mr. Richard Cheng obtained his diploma in accounting from Hong Kong Baptist College in December 1974. Since July 1982 till present, he has been serving as a director of Libercon Industries Limited, a company which engages in the trading of toys, sundry goods and kitchenware. He was also the financial controller of Libercon Industries Limited between July 1982 to March 2010. Mr. Richard Cheng is the brother of Mr. Dick Cheng and Mr. Dennis Cheng, brother-in-law of Ms. Liu and uncle of Mr. Boris Cheng.

Mr. Cheung Kim Man ("**Mr. Man Cheung**"), aged 56, is a project director and joined the Group in June 2009. Mr. Man Cheung has over 25 years of experience in interior design and project management. Since June 2009, Mr. Man Cheung has been with the Group as a senior project manager/project director responsible for project management of the Group's fitting-out and renovation projects. Mr. Man Cheung worked between October 1991 and September 1994 at Simon Jackson & Associates Limited in the capacity of a senior interior designer. Subsequently, he was employed by RDL Asia Limited and Plyco Limited, handling design work. Since June 2009, Mr. Man Cheung has been with the Group as a senior project manager/project director responsible for project management of the Group's fitting-out and renovation projects.

Mr. Lee King Yin ("**Mr. Lee**"), aged 41, joined the Group as a contract manager in January 2017. Mr. Lee graduated from The Hong Kong Polytechnic University with a bachelor of science degree in construction economics and management in December 1999. He is a member of The Hong Kong Institute of Surveyors. Mr. Lee has over 14 years of experience in quantity surveying and project management. He started his career as a project coordinator at B.F. Construction Company Limited in July 1999 and held the same position until September 2002. He later worked in the quantity surveying field for various companies between October 2002 and December 2016, including Yan Lee Construction Company Limited, China Resources Construction Company Limited, Faith Harvest Engineering & Contracting Limited, Legend Interiors Limited, Chinachem Group, a leading property developer in Hong Kong and as a sole proprietor at Kingsley Consultancy Company, a company engaged in the provision of quantity surveying services.

Mr. Au Hok Man Jefferson ("**Mr. Au**"), aged 37, was appointed as the Group's company secretary and assistant financial controller on 29 May 2017 and is responsible for the Group's secretarial works.

Mr. Au obtained his honours diploma in accounting from Hong Kong Shue Yan University (formerly known as Hong Kong Shue Yan College) in July 2004. Mr. Au has approximately 12 years of accounting and audit experience. From 2004 to 2008 he worked as an accountant at Union Alpha C.P.A. Limited. From April 2008 to April 2010, he worked as a senior accountant in Chu and Chu. He was employed by Clement C. W. Chan & Co between September 2010 and March 2014 with his last position as an audit supervisor. In August 2014, he joined JWMG CPA Limited ("JWMG") as a finance manager, where he was responsible for audit and assurance engagement, and was promoted to the position of director in May 2015 and ceased to be an employee of JWMG CPA Limited in May 2017 and only held the office of director at JWMG. He has been a member of the Hong Kong Institute of Certified Public Accountants since May 2010.

Mr. Cheng Pok Man ("**Mr. Boris Cheng**"), aged 26, joined the Group in October 2016 as a project coordinator and then promoted to a Business Development Manager. In September 2013, Mr. Boris Cheng received from the University of California, Los Angeles in the United States of America, a bachelor of arts degree majoring in political science. Prior to joining the Group, he was employed by AIA International Limited from January 2015 to September 2016, with his last position as an associate in the agency business development department. He started his career at Hong Kong General Chamber of Commerce as public relations & programs trainee and was later promoted to the position of public relations & programs officer in January 2014. Mr. Boris Cheng is the son of Mr. Dennis Cheng and Ms. Liu and nephew of Mr. Dick Cheng and Mr. Richard Cheng.

Report of Directors

The directors of the Company (the "Directors") are pleased to present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2018 (the "Consolidated Financial Statements") after its listing on GEM of the Stock Exchange on 14 February 2018 (the "Listing Date" and the "Listing", respectively).

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 31 to the Consolidated Financial Statements. The Group is principally engaged in the provision of fitting-out and renovation services.

BUSINESS REVIEW

The business review of the Group for the Year together the future business development are set out in the section headed "Management Discussion and Analysis" on pages 6 to 13 of this annual report. This discussion form part of the report of directors.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group commits to the long term sustainability of the environment and communities which it operates. Acting in an environmentally responsible manner, the Group endeavours to adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

A more detailed discussion on the environmental policies and performance of the Company can be found in the "Environmental, Social and Governance Report" section.

COMPLIANCE WITH LAWS AND REGULATIONS

Sufficient resources and training have been allocated and provided to ensure the on-going compliance with applicable laws and regulations. During the Year, the Directors are not aware of any incidence of non-compliance with the relevant laws and regulations that have a significant impact on the Group's business where the Group is operating.

RELATIONSHIP WITH KEY PARTIES

The success of the Group also depends on the support from key parties which comprise customers, suppliers includes sub-contractors, employees and shareholders.

Customers

The Group's principal customers comprises (i) property developers; (ii) main contractors or direct contractors of the fitting-out and renovation projects; and (iii) owners or tenants of properties. The Group has built a good reputation in the fitting-out and renovation industry for quality services which has been one of our strengths to maintain customer loyalty. In addition to recurring customers, the Group may also be referred to new customers from recurring customers or business contacts of our Directors.

Suppliers

Our suppliers are broadly categorised as sub-contractors and material suppliers. Good relationship with suppliers constitutes one of the essential elements of the Group's success. To achieve positive business growth, the Group maintains close relationship with its suppliers in order that its projects can be completed with high efficiency and quality so as to further enhance our reputation in the market.

Employees

The Group focuses on the talents of our employees as our most valuable asset and provides a harmonious and professional working environment with flexibility for their creativity to fulfil the fitting-out and renovation projects. The key objective of our human resource management is to recognise and reward performing staff by providing competitive remuneration packages and implementing an effective performance appraisal system with appropriate incentives, and promotion opportunity. The Group also organise social gathering activities for its employees to join as to promote work life balance and to enhance team spirit.

Shareholders

The principal goal of the Group is to maximize the return to the shareholders of the Company. The Group will focus on our core business for achieving sustainable profit growth and rewarding the shareholders with dividend payouts taking into account the business development needs and financial health of the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

The business operations and results of the Group may be affected by various factors, some of which are external causes and some are inherent to the business. The Directors are aware that the Group is exposed to various risks and the principal risks and uncertainties are summarised below:

- We rely on several major customers who do not have long-term commitments with us;

- Our fitting-out and renovation projects are not on a recurring basis and are dependent on us winning tenders and quotations;

- We rely on our Board members, senior management team and project management staff in our business operation and their relationship with our customers;

- We rely on our sub-contractors to complete our projects and their implementation of safety measures or procedures and compliance of relevant laws and regulations;

- We rely on our sub-contractors to complete certain projects and are subject to risk arising from the non-compliance, late performance or poor performance by such sub-contractors. Also, there is no assurance that these sub-contractors will be able to continue to provide services to us at fees acceptable to us;

- We may incur costs overrun which are not recoverable from our customers due to failure to accurately estimate time and control costs;

- Shortage in skilled workers and increase in labour costs could increase our operational cost and affect our profitability; and

- There is no guarantee that we will receive progress payment on time or retention money on time or in full.

SEGMENTAL INFORMATION

The Group's segment information and revenue for the year ended 31 March 2018 are set out in note 6 to the Consolidated Financial Statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 Mach 2018 and the state of affairs of the Company and of the Group as at that date are set out in the Consolidated Financial Statements on pages 61 to 103.

During the year ended 31 March 2018, a subsidiary declared dividends of HK$276 per share amounting to HK$3,000,000 to its then shareholders prior to the completion of the group reorganisation and settled through cash in January 2018.

On 25 June 2018, the Board resolved to declare a final dividend of HK$3,840,000 (HK1.2 cents per ordinary share) for the year ended 31 March 2018 (2017: Nil), to the Company's shareholders whose names appear on the register of members of the Company on Tuesday, 14 August 2018. The payment of the proposed final dividend is subject to approval by shareholders at the annual general meeting for the financial year of 2018. This proposed dividend is not reflected as dividend payable in the Consolidated Financial Statements.

THREE YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last three financial years is set out on page 104. This summary does not form part of the Consolidated Financial Statements.

SHARES ISSUED IN THE YEAR

Details of the shares issued in the year ended 31 March 2018 are set out in note 21 to the Consolidated Financial Statements.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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 period from the Listing Date to 31 March 2018 (the "Period").

DISTRIBUTABLE RESERVES

As at 31 March 2018, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK$28.5 million (2017: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the Year attributable to the Group's major suppliers and customers are as follows:

Purchases

• the largest supplier	18%
• five largest suppliers in aggregate	50%

Sales

• the largest customer	29%
• five largest customers in aggregate	83%

To the best knowledge of the Directors, neither the Directors, their close associates, nor any shareholders, who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the Year.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company who held office during the Year and as at the date of this report were:

Executive Directors

Mr. Cheng Tsang Wai *(Chairman)*
Mr. Cheng Tsang Fu Dennis *(Chief Executive Officer)*
Ms. Liu Lee Lee Lily

Independent non-executive Directors

Mr. Cheung Kwok Keung (appointed on 19 January 2018)
Mr. Chak Chi Man (appointed on 19 January 2018)
Mr. Chu Wai Wa Fangus (appointed on 19 January 2018)

Each of the executive Directors has entered into a service agreement with the Company. The terms and conditions of each of such service agreements are similar in all material aspects. Each service agreement is for an initial term of three years with effect from the Listing Date and shall continue thereafter unless and until it is terminated by the Company or the Director giving to the other not less than three months' prior notice in writing.

Each of our independent non-executive Directors has entered into a letter of appointment with the Company on 19 January 2018. Each letter of appointment is for an initial term of one year commencing on the date of the letter of appointment and shall continue thereafter unless terminated by either party giving at least one month's notice in writing.

In accordance with the Article 84(1) of the Company's Articles of Association, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three year.

In accordance with the Article 83(3) of Company's Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. However, any Director appointed by the Board pursuant to Article 83(3) of the Company's Articles of Association shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Accordingly, Ms. Liu Lee Lee Lily, Mr. Chak Chi Man, Mr. Chu Wai Wa Fangus and Mr. Cheung Kwok Keung, being the Directors of the Company, shall retire from office at the forthcoming annual general meeting to be held on 6 August 2018 (the "AGM"). All of the retired directors, being eligible, offer themselves for re-election, at the AGM.

None of the Director who are proposed for re-election at the AGM has an unexpired service contract/letter of appointment with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management of the Group are disclosed in the section headed "Biographical Details of the Directors of the Company and Senior Management" on pages 14 to 17 of this annual report.

CHANGES OF DIRECTORS' INFORMATION UNDER RULE 17.50A(1) OF THE GEM LISTING RULES

The Company is not aware of any other change in the directors' information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the date of the Prospectus.

MANAGEMENT CONTRACTS

Save for the service contract, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

PERMITTED INDEMNITY PROVISIONS

Pursuant to Article 164 of the Articles of Association of the Company, the Directors, Secretary and other officers and every auditor for the time being of the Company and the liquidator or trustees (if any) for the time being acting in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

Such provision was in force during the Year.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at annual general meeting. Other emoluments are determined by the Board of the Company with reference to the recommendations by remuneration committee of the Company, directors' duties, responsibilities and performance and the results of the Group. The remuneration of Directors (including executive Directors and independent non-executive Directors) on named basics are set out in note 11 to the Consolidated Financial Statements.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the Year or at any time during the Year.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "Management Contracts" and note 29 to the Consolidated Financial Statements, there is no contract of significance between the Company, or any of its subsidiaries, and a controlling shareholders or any of its subsidiaries.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in the normal course of business are set out in note 29 to the Consolidated Financial Statements. None of them are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the GEM Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

SHARE OPTION SCHEME

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

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

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

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not, in the absence of Shareholders' approval, in aggregate exceed 10% of the aggregate number of Shares in issue on the Listing Date.

As at the date of this annual report, the total number of Share available for issue under the Share Option Scheme is 32,000,000 Shares, representing 10% of the issued share capital of the Company. No options may be granted to any eligible participant of the Share Option Scheme such that the total number of Shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued share capital for the time being.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding ten years from the date of grant under the Share Option Scheme (the "Option Period"). After the expiration of the Option Period, no further options shall be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects. Options granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the ten-year period.

There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme. Eligible participants of the Share Option Scheme are required to pay the Company HK$1 upon acceptance of the grant within seven days after the offer date.

The subscription price shall be determined by our Board in its absolute discretion but in any event shall not be less than the highest of:

(i) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date on which the option is granted, which date must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the date on which the option is granted; and (iii) the nominal value of the Shares.

As at 31 March 2018, there was no option outstanding, granted, cancelled, exercised or lapsed.

Details of the principal terms of the Share Option Scheme are set out in paragraph headed "15. Share Option Scheme" in section headed "Statutory and General Information" in Appendix IV to the prospectus dated 31 January 2018.

Apart from the aforesaid Share Option Schemes, at no time during the year ended 31 March 2018 was the Company or any associated corporation a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

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

As at 31 March 2018, the interests and short positions of directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, 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(1)	220,800,000	69%
Mr. Cheng Tsang Fu Dennis	Interest in controlled corporation(1)/ interest of spouse(2)	220,800,000	69%
Ms. Liu Lee Lee Lily	Interest in controlled corporation(1)/ interest of spouse(2)	220,800,000	69%

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 and Ms. Liu Lee Lee Lil 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.

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 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.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE 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[(1)]	Beneficial owner	220,800,000	69%
Ms. Chow Siu Shan Juliana[(2)]	Interest of spouse	220,800,000	69%
Active Achievor Limited	Beneficial owner	19,200,000	6%
Ms. Cheng Fat Ning Lenda[(3)]	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 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.

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.

INTERESTS OF THE 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors of the Company as at the latest practicable date prior to the issue of this report, the Company has maintained the prescribed public float under the GEM Listing Rules of at least 25% of the Company's total number of issued shares which was held by the public.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 32 to 46 in this annual report.

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.

TAXATION OF HOLDERS OF SHARES

Hong Kong

The purchase, sale and transfer of shares registered in the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller (or transferee and transferor) is 0.1% of the consideration or, if greater, the fair value of the shares being bought/sold or transferred (rounded up to the nearest HK$'000). In addition, a fixed duty of HK$5.00 is currently payable on an instrument of transfer of shares. Profits from dealings in the share arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

Cayman Islands

Under the present Cayman Islands laws, transfers and other dispositions of shares in the Company are exempt from Cayman Islands stamp duty.

Consultation with professional advisers

Intending holders and investors of the Company's shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications (including tax relief) of subscribing for, purchasing, holding, disposing of or dealing in shares. It is emphasised that none of the Company or its Directors or officers will accept any responsibility for any tax effect on, or liabilities of, holders of shares in the Company resulting from their subscription for, purchase, holding, disposal of or dealing in such shares.

AUDITOR

The Consolidated Financial Statements have been audited by Messrs. Deloitte Touche Tohmatsu, who will retire and, being eligible, offer themselves for re-appointment. A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu is to be proposed at the AGM.

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

Hong Kong, 25 June 2018

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, 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.

THE BOARD OF DIRECTORS

Composition and Responsibilities

Throughout the Year, the Board comprises six Directors. As at the date of this annual report, there are three executive Directors and three independent non-executive Directors of the Company. The composition of the Board is as follows:

Executive Directors

Mr. Cheng Tsang Wai *(Chairman)*
Mr. Cheng Tsang Fu Dennis *(Chief Executive Officer)*
Ms. Liu Lee Lee Lily

Independent non-executive Directors

Mr. Cheung Kwok Keung (appointed on 19 January 2018)
Mr. Chak Chi Man (appointed on 19 January 2018)
Mr. Chu Wai Wa Fangus (appointed on 19 January 2018)

During the Period and up to the date of this annual report, there was no change in the composition of the Board.

The biographical details and responsibilities of the Directors as well as the senior management are set out in the section "Biographical Details of the Directors of the Company and Senior Management" on pages 14 to 17. The updated list of Directors and their role and function are published at the GEM website and the Company's website at www.dcb.com.hk.

Save as disclosed in the section headed "Biographical Details of the Directors and Senior Management" to this annual report, the Directors have no other financial, business, family or other material/relevant relationships with each other.

The Board is accountable to shareholders for the Company's performance and activities. While the Board is primarily overseeing and managing the Company's affairs, the Chairman of the Board help the Board to provide the Company with effective leadership and ensure the continuing effectiveness of the management team and the high standards of probity within the Company. The executive Directors constituting the senior management of the Company are delegated with responsibilities in the day-to-day management of the Company and make operational and business decisions within the control of and delegation framework of the Company. The independent non-executive Directors contribute valuable views and proposals for the Board's deliberation and decisions.

The Company has throughout the Period met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one of them possessing appropriate accounting professional qualifications. At all times during the Period, the independent non-executive Directors represent at least one-third of the Board.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has also received a written confirmation from each of the independent non-executive Directors in respect of their independence for the Period. The Board considers that all independent non-executive Directors are being considered to be independent by reference to the factors stated in the GEM Listing Rules throughout the Period.

The roles of the Chairman and the Chief Executive Officer of the Company are separated. Mr. Cheng Tsang Wai is the Chairman of the Board. The primary role of the Chairman is to help the Board to provide the Company with effective leadership and ensure the continuing effectiveness of the management team and the high standards of probity within the Company. Mr. Cheng Tsang Fu Dennis is the Chief Executive Officer of the Company. He is involved with customer development, new business initiatives and overall project management for the Group's customers.

Other matters reserved for the Board include consideration of dividend policy, approval of major investments, maintenance of an adequate system of internal controls and review of the corporate governance practices of the Group. Daily operations and administration are delegated to management teams.

PROCEDURE FOR SEEKING INDEPENDENT PROFESSIONAL ADVICE BY DIRECTORS

The Company has agreed to provide separate independent professional advice and sufficient resources to Directors and all Board Committees to assist them to discharge their duties in compliance with the GEM Listing Rules and CG Code. The Company will consider to develop written procedures to enable Directors and members of all Board Committees, upon reasonable request, to seek and be provided with independent professional advice in appropriate circumstances, at the Company's expense.

BOARD MEETINGS

The Board is scheduled to meet regularly at least four times a year at approximately quarterly intervals, to discuss the overall strategy as well as the operational and financial performance of the Company. Other Board meetings will be held when necessary. Such Board meetings involve the active participation, either in person or through other electronic means of communication, of a majority of Directors. The Directors make every effort to contribute to the formulation of policy, decision-making and the development of the Group's business.

During the Period, one Board meeting was held. Apart from the meetings of the Board, remuneration committee and audit committee, written approval from Board committees had also been obtained by written resolutions on a number of matters.

DIRECTORS' ATTENDANCE AT BOARD/BOARD COMMITTEE/GENERAL MEETINGS

Here below are details of all Directors' attendance at the board meeting, board committee meetings and general meeting held during the period from the Listing Date and up to the date of this report:

	Board Meeting	Audit Committee	Nomination Committee	Remuneration Committee	General Meeting
Executive Directors					
Cheng Tsang Wai	2/2	N/A	1/1	N/A	N/A
Cheng Tsang Fu Dennis	2/2	N/A	N/A	N/A	N/A
Liu Lee Lee Lily	2/2	N/A	N/A	1/1	N/A
Independent non-executive Directors					
Cheung Kwok Keung	2/2	2/2	1/1	1/1	N/A
Chak Chi Man	2/2	2/2	1/1	1/1	N/A
Chu Wai Wa Fangus	2/2	2/2	1/1	1/1	N/A

The Company was incorporated in Caymans Islands on 8 March 2017 and registered in Hong Kong on 14 July 2017 under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The Company shall hold its first annual general meeting by 30 September 2018. At the annual general meeting, the chairman of the Board as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting.

Appropriate notices are given to all Directors in advance for attending regular and other board or board committee meetings. Meeting agendas and other relevant information are provided to the Directors in advance of board or board committee meetings. All Directors are consulted to include additional matters in the agenda for such meetings.

Directors have access to the advice and services of the Company Secretary with a view to ensuring that board procedures, and all applicable rules and regulations, are followed.

Both draft and final versions of the minutes will be sent to all Directors for their comment and records. Minutes of board and board committee meetings are kept by the Company Secretary and such minutes are open for inspection at any reasonable time on reasonable prior notice by any Director.

All directors are also entitled to have access to board papers and related materials. These papers and related materials are in a form and quality sufficient to enable the board to make informed decisions on matters placed before it. Queries raised by directors shall receive a prompt and full response by the management.

APPOINTMENT, RE-ELECTION AND REMOVAL

Each of our executive Directors has entered into a service agreement with the Company. The terms and conditions of each of such service agreements are similar in all material aspects. Each service agreement is for an initial term of three years with effect from the Listing Date and shall continue thereafter unless and until it is terminated by the Company or the Director giving to the other not less than three months' prior notice in writing.

Each of our independent non-executive Directors has entered into a letter of appointment with the Company on 19 January 2018. Each letter of appointment is for an initial term of one year commencing on the date of the letter of appointment and shall continue thereafter unless terminated by either party giving at least one month's notice in writing.

In accordance with the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Such retiring Directors shall be eligible for re-election at the annual general meeting.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

CONFIRMATION OF INDEPENDENCE

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines throughout the Period.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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.

INDUCTION AND CONTINUOUS PROFESSIONAL TRAININGS OF DIRECTORS

Each newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements.

The Directors understand the need to continue developing and refreshing their knowledge and skills for making contributions to the Company. The Company provides regular updates, changes and developments relating to the Group's business and the legislative and regulatory requirements to the Directors.

The Directors have complied with the requirement of the code provision A.6.5 of the CG Code on Directors' training. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills and has kept a record of training that they received for the year ended 31 March 2018.

BOARD COMMITTEES

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 primary duties of the audit committee are mainly to make recommendation to the Board on the appointment and removal of external auditor; review financial statements and material advice in respect of financial reporting; and oversee risk management and internal control procedures of the Company.

The composition of the audit committee during the Period and up to the date of this report is as follows:

Independent non-executive Directors
Mr. Cheung Kwok Keung *(Chairman)* (appointed on 19 January 2018)
Mr. Chak Chi Man (appointed on 19 January 2018)
Mr. Chu Wai Wa Fangus (appointed on 19 January 2018)

None of the members of the audit committee is a former partner of the Company's existing auditing firm. Mr. Cheung Kwok Keung, who has appropriate professional qualifications and experience in accounting, was appointed as the Chairman of the audit committee.

During the period from the Listing Date up to the date of this report, the Audit Committee has reviewed the Group's unaudited quarterly results for the nine months ended 31 December 2017 and annual audited results for the financial year ended 31 March 2018 and also reviewed the system of internal control of the Group in accordance with code provision C.2.1 of the CG Code. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and adequate disclosures have been made and is of the view that the system of internal control of the Group is sufficient to safeguard the interests of the Group after gradually reorganised the existing daily operations. The Audit Committee has closely monitored and supervised the internal control procedures of the Group.

During the period from the Listing Date and up to the date of this report, the Audit Committee held 2 meetings for, inter alia, reviewing the Group's quarterly and annual results, the financial reporting and compliance procedures, reviewing and approving internal control review report and considering the re-election of auditor of the Company. Details of the attendance of the members of the audit committee in the said meetings are set out under the sub-heading "Directors' Attendance at Board/Board Committee/ General Meetings" above.

Remuneration Committee

The Company established the remuneration committee on 19 January 2018 with written terms of reference in compliance with the CG Code as set out in Appendix 15 to the GEM Listing Rules. The terms of reference setting out the Remuneration Committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The primary duties of the remuneration committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review performance-based remuneration; make recommendations to the Board on the remuneration packages of all Directors and senior management of the Group; and ensure none of the Directors determine their own remuneration. The remuneration committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive Directors and senior management.

The composition of the remuneration committee during the Period and up to the date of this report is as follows:

Executive Director
Ms. Liu Lee Lee Lily

Independent non-executive Directors
Mr. Chak Chi Man *(Chairman)* (appointed on 19 January 2018)
Mr. Cheung Kwok Keung (appointed on 19 January 2018)
Mr. Chu Wai Wa Fangus (appointed on 19 January 2018)

For the financial year ended 31 March 2018, the remuneration of Directors was determined by their experience, responsibility, workload and the time devoted to the Group. Executive Directors and employees also participate in bonus arrangements determined in accordance with the performance of the Group and the individual's performance.

During the period from the Listing Date and up to the date of this report, the Remuneration Committee held 1 meeting for, inter alia, reviewing and approving the remuneration packages of the existing Directors. Details of the attendance of the members of the remuneration committee in the said meeting are set out under the sub-heading "Directors' Attendance at Board/Board Committee/General Meetings" above.

Nomination Committee

The Company established the nomination committee on 19 January 2018 with written terms of reference in compliance with the CG Code as set out in Appendix 15 to the GEM Listing Rules. The terms of reference setting out the nomination committee's authority, duties and responsibilities are available on both the GEM website and the Company's website. The primary duties of the nomination committee are to review the structure, size and composition of the Board on regular basis; identify individuals suitably qualified to become Board members; assess the independence of independent non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors; and succession planning for Directors, in particular, the chairman of the Board and the chief executive officer of the Company.

The composition of the nomination committee is as follows:

Executive Director
Mr. Cheng Tsang Wai *(Chairman)*

Independent non-executive Directors
Mr. Cheung Kwok Keung (appointed on 19 January 2018)
Mr. Chak Chi Man (appointed on 19 January 2018)
Mr. Chu Wai Wa Fangus (appointed on 19 January 2018)

Where vacancies on the Board exist, the nomination committee will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, including the independence status in the case of an independent non-executive Director, the Company's needs and other relevant statutory requirements and regulations. During the Period, all the newly appointed Directors were appointed by going through the selection process stated above.

During the period from the Listing Date and up to the date of this report, the Nomination Committee held 1 meeting for, inter alia, considering the retirement and re-election of the Directors at the annual general meeting and to assess, review and make recommendations on the structure, size and composition of the Board. Details of the attendance of the members of the nomination committee in the said meeting are set out under the subheading "Directors' Attendance at Board/Board Committee/General Meetings" above.

BOARD DIVERSITY POLICY

The Company has adopted a board diversity policy which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

The Nomination Committee will review the board diversity policy from time to time to ensure its continued effectiveness.

CORPORATE GOVERNANCE FUNCTION

All members of the Board are responsible for performing the corporate governance functions. The terms of reference of corporate governance functions was adopted by the Board at the Board meeting held on 19 January 2018 and is in compliance with paragraph D.3.1 of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Board will review the policy of the corporate governance and the corporate governance report of the Company annually.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Emolument Policy

The remuneration policy of the Group is to ensure the fairness and competitiveness of total remuneration. The emoluments of executive Directors are determined based on the skills, knowledge, individual performance as well as contributions, the scope of responsibility and accountability of such Directors, taking into consideration the Company's performance and prevailing market conditions. The remuneration policy of independent non-executive Directors is to ensure that they are adequately compensated for their efforts and time dedicated to the Company's affairs including their participation in respective Board committees. Their emoluments are determined with reference to their skills, experience, knowledge, duties and market trends.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board acknowledges its responsibility for the preparation of the Consolidated Financial Statements for the year ended 31 March 2018 which give a true and fair view of the state of affairs of the Group in accordance with the statutory requirements and accounting standards and other financial disclosure requirement under the GEM Listing Rules. The financial results of the Group are announced in a timely manner in accordance with statutory and/or regulatory requirements.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement by auditor about their reporting responsibilities is set out in the independent auditor's report on pages 56 to 60 of this report.

External Auditor's Remuneration

During the year ended 31 March 2018, the fees of the external auditor of the Company in respect of audit and non-audit services provided to the Group were as follows:

Service rendered	**Fees** HK$'000
Audit services	850
Non-audit services*	2,258
Total	3,108

* Non-audit services include internal control review services and acting as the reporting accountant of the Group in relation to its listing on GEM of the Stock Exchange.

The audit committee has expressed its views to the Board that the level of fees of the Company's external auditor for annual audit services is reasonable. There has been no major disagreement between the auditor and the management of the Company during the Year.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Responsibility of the Board

The Board is committed to the maintenance of good corporate governance, practices and procedures, and implements an effective risk management and internal control systems of the Group. However, such systems are designed to manage rather than eliminate risk of failure to achieve business objective, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Our Risk Management and Internal Control Framework

Risk Management and Risk Assessment

The Board has the overall responsibilities of the risk management and internal controls systems of the Group. With the support from the Audit Committee, the Board monitors the Group's risk exposures, oversees the actions of management and monitors the overall effectiveness of the risk management system on an ongoing basis.

Management is responsible for setting the appropriate tone from the top, performing risk assessments, and owning the design, implementation and maintenance of internal controls. Essential to the Group's risk management and internal control systems are policies and procedures that are documented and communicated to employees.

To provide sound and effective risk management, the Group has established a risk management system which includes the following key features:

- An organisational structure for different responsible parties with defined authority, responsibilities and risk management roles;

- The Board sets forth the proper risk management culture and risk appetite for the Group, evaluates and determines the level of risk that the Group should take and monitor regularly;

- A Risk Management Policy has been established to provide a framework, which includes a risk assessment process, for the identification, analysis, evaluation, treatment, monitoring and reporting of the Group's key risks to support the achievement of the organisation's overall strategic objectives.

Risk assessment has been performed by management to evaluate the nature and extent of the risks to which the Group is willing to take in achieving its strategic objectives. During the risk assessment process, the Group has identified a number of key risks that may impact the Group's strategic objectives and to respond to the changes in the business and external environment. These risks are prioritised according to the likelihood of their occurrence and the significance of their impact on the business of the Group. Remedial measures are developed to manage these risks to an acceptable level. The results of risk assessment is reported to and discussed with the Board.

Internal Audit Functions

The Group has maintained internal control policies to provide sufficient guidelines for the management staff and employees of the Company to work efficiently under a standardised work procedure. The internal control policies cover various operating processes from risk assessment, financial reporting, cost management, pricing for projects, staff recruitment and training to IT system control. The internal control system is generally overseen by the executive Directors and senior management. During the year ended 31 March 2018, the Group has engaged an independent external consulting firm as the Group's internal control consultant (the "Consultant") to carry out the internal audit functions by reviewing the effectiveness of the Group's internal control measures. In the opinion of the Consultant, the Group has established effective internal control measures to ensure that the operations of the Group will be in full compliance with the applicable laws and regulations in Hong Kong.

The Board is committed to implementing an effective and sound internal control system to safeguard the interest of Shareholders and the Group's assets and the internal control systems will be reviewed annually.

Review of Risk Management and Internal Control Systems

Through the Audit Committee, the Board has conducted an annual review of the effectiveness of the risk management and internal control systems of the Group and considered the risk management and internal control systems effective and adequate. The review covers all material controls, including financial, operational and compliance controls, and risk management functions. The scope and quality of ongoing monitoring of risks and the internal control systems have been assessed. No significant areas of concern that may affect the Group to achieve strategic goals have been identified.

The Board has also reviewed and is satisfied with the adequacy of resources, qualifications and experience of staff of the Group's accounting, and financial reporting functions, and their training programmes and budget.

INSIDE INFORMATION

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the Listing Rules and Securities and Futures Ordinance ("SFO").

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the Stock Exchange and the Company on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information fall within the safe harbours with the SFO. Briefing and training on the implementation of the disclosure policy have been provided to Directors, officers and senior management of the Group. The Board emphasizes that only the authorised representatives registered in the Stock Exchange are authorised to speak on behalf of the Company.

DELEGATION BY THE BOARD

While at all times the Board retains full responsibility for guiding and monitoring the Company in discharging its duties, certain responsibilities are delegated to various board committees which have been established by the Board to deal with different aspects of the Company's affairs. Unless otherwise specified in their respective written terms of reference as approved by the Board, these board committees are governed by the Company's articles of association as well as the Board's policies and practices (in so far as the same are not in conflict with the provisions contained in the articles of association).

With the establishment of the Audit Committee, Remuneration Committee and Nomination Committee, the independent non-executive Directors will be able to effectively devote their time to perform the duties required by the respective board committees.

The Board has also delegated the responsibility of implementing its strategies and the day-to-day operation to the management of the Company under the leadership of the executive Directors. Clear guidance has been made as to the matters that should be reserved to the Board for its decision which include matters on, inter alia, capital, finance and financial reporting, internal controls, communication with shareholders, Board membership, delegation of authority and corporate governance.

NON-COMPETITION UNDERTAKING FROM CONTROLLING SHAREHOLDERS

The controlling shareholders (as defined in the GEM Listing Rules) of the Company gave a non-competition undertaking in favour of the Company and confirm that they and their associates have not breached the terms of the undertaking contained in the Non-competition Deed during the Period. The Board comprising all the independent non-executive Directors, based on the written confirmation provided by the controlling shareholder, is of the view that the controlling shareholder has been in compliance with the non-competition undertaking in favour of the Company for the Period.

SENIOR MANAGEMENT'S REMUNERATION

Senior management's remuneration payment of the Group for the year ended 31 March 2018 falls within the following bands:

	Number of individuals
Nil to HK$1,000,000	4
HK$1,000,001 to HK$1,500,000	1

COMPANY SECRETARY

The Company appointed Mr. Au Hok Man Jefferson ("Mr. Au") as its company secretary and assistant financial controller on 29 May 2017. The biographical details of Mr. Au are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report. During the Year, Mr. Au, undertook over 15 hours' professional training to update his skill and knowledge in compliance with the CG Code.

CHANGES IN CONSTITUTIONAL DOCUMENTS

Pursuant to Rule 17.102 of the GEM Listing Rules, the Company has published on the websites of the Company and the Stock Exchange its Memorandum and Articles of Association. During the Year, the shareholder has passed resolution on 19 January 2018 approving the adoption of amended and restated Memorandum and Articles of Association of the Company. Save as the aforesaid, there has been no changes in the constitutional documents of the Company.

SHAREHOLDERS' RIGHTS

The Way by Which Shareholders Can Convene Extraordinary General Meeting ("EGM")/Put Forward Proposal

According to Article 58 of the Articles of Association of the Company, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Article 85 of the Articles of Association provides that no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Accordingly, if a member of the Company wishes to propose a person other than a Director for election as a Director at the Company's general meeting ("Proposal"), he/she should lodge a written notice setting out the Proposal and his/her contact details to the head office and principal place of business of the Company.

The relevant procedures are set out in the circular to the shareholders which is sent together with this annual report and the Company's website at www.dcb.com.hk.

The Procedures for Sending Enquiries to the Board

Shareholders may send their enquiries and concerns in writing to the Board/company secretary by addressing them to the Company at our principal place of business in Hong Kong or by email through the Company's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company endeavors to maintain effective communications with the shareholders and potential investors of the Company.

Save as mentioned under the sub-heading "The Procedures for Sending Enquiries to the Board" above, in order to provide more relevant information to our shareholders, the Company has published all corporate information about the Group on its website at www.dcb.com.hk. It is a channel of the Company to communicate with the shareholders and potential investors with our latest corporate development. All our corporate communications, such as statutory announcement, circular and financial reports are available on the website for easy access by the shareholders and potential investors. In addition, the Company meets its shareholders at the annual general meeting so as to promote the development of the Company through mutual and efficient communications.

The forthcoming annual general meeting of the Company is scheduled to be held on Monday, 6 August 2018. At the annual general meeting, the chairman of the Board as well as chairmen of the nomination committee, remuneration committee and audit committee or, in their absence, other members of the respective committees shall attend to answer questions from shareholders at the annual general meeting. The representatives of the external auditor shall also present and available to answer questions at the meeting.

The notice of annual general meeting and the necessary information on issues to be considered in the annual general meeting will be set out in the circular to be dispatched to the shareholders of the Company in due course.

Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are as follows:

Address:	Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
Email:	is-enquiries@hk.tricorglobal.com
Telephone no.:	(852) 2980 1333
Fax no.:	(852) 2810 8185

Shareholders are encouraged to communicate with the Company for requesting publicly available information and any enquiries in relation to the Group:

Attention:	The Board of Directors/Company Secretary
Address:	22G, COS Centre, 56 Tsun Yip Street, Kwun Tong, Kowloon, Hong Kong
Email:	info@dcb.com.hk
Telephone no.:	(852) 3594 6118

GENERAL

The Group is pleased to present the first Environmental, Social and Governance Report (the "ESG Report") to express the Group's efforts towards sustainable practices and development. The Group's ESG Report has been set out in accordance with the standards as set out by the Stock Exchange in its ESG Reporting Guide under Appendix 20 to the Listing Rules. Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 32 to 46 of this report.

Given that the Company is an investment holding company, the content of this ESG Report are concerned primarily with the operations of DCB Company Limited, the only operating wholly-owned subsidiary of the Company, which is engaged in provision of fitting out and renovation services in the private sector in Hong Kong.

The Group believes that environmental protection, low carbon footprint, resource conservation and sustainable development are the key trends in society. In order to follow the key trends and pursue a successful and sustainable business model, the Group recognises the importance of integrating ESG aspects into its risk management system and has taken corresponding measures in its daily operation and governance perspective.

REPORTING PERIOD

The ESG Report specifics the environmental, social and governance activities, issues and measures being taken during the year ended 31 March 2018 ("Reporting Period"), the same as the annual reporting period of the Group.

STAKEHOLDER ENGAGEMENT

Throughout the course of business, we have ongoing communication with our stakeholders through various channels. These include, but are not limited to, physical meetings, emails, telephone and other communication means in order to gauge their views relating to the Group's businesses and environmental, social and governance issues. The Group's key stakeholders, including but not limited to directors, employees, shareholders, customers, suppliers and subcontractors, government bodies and communities. In formulating operational strategies and environmental, social and governance measures, the Group takes into account the stakeholders' expectations and strives to improve its performance through process reengineering, communication and policy enhancement etc. so as to create greater value for our stakeholders.

MATERIALITY ASSESSMENT

The management and employees who are responsible for the key functions of the Group have involved in preparing this report, reviewing business operation, identifying key environmental, social and governance issues and assessing the importance of these issues to our businesses and stakeholders. A questionnaire was compiled to collect information on material environmental, social and governance issues from relevant departments and business units within the Group.

The following table summarises the Group's significant environmental, social and governance issues as set out in this report:

The ESG Reporting Guide	Material ESG aspects of the Group	Page
A. Environment		
A1. Emissions	Emissions	P. 49
	Greenhouse Gas Emission	P. 49
A2. Use of Resources	Energy Consumption	P. 51
A3. The Environment and Natural Resources	Impact Management	P. 52
B. Society		
B1. Employment	Human Resources Policies	P. 52
B2. Health and Safety	Occupational Health and Safety	P. 53
B3. Development and Training	Staff Development and Training	P. 53
B4. Labor Standards	Prevention of Child or Forced Labor	P. 54
B5. Supply Chain Management	Environmental and Social Risk Management of Supply Chain	P. 54
B6. Product Responsibility	Quality and Safety of Services	P. 54
B7. Anti-Corruption	Prevention of Bribery and Fraud	P. 55
B8. Community Investment	Contributions to Society	P. 55

During the year ended 31 March 2018, the Group confirmed that appropriate and effective management policies and internal control systems for environmental, social and governance issues are in place and the information disclosed in this ESG Report meets the requirements of ESG Reporting Guide.

CONTACT US

Comments and suggestions are welcome from our stakeholders. You may provide comments on ESG report or towards our performance in respect of sustainable development.

A. ENVIRONMENT

A1. Emissions

General Disclosure and Key Performance Indicators ("KPI")

The Group's core business, which mainly involves the provision of fitting-out and renovation services for the private sector in Hong Kong, relies on digital communication and technology using electronic devices and does not involve any manufacturing or production process in the course of business. Therefore, during the year ended 31 March 2018, the Group and its offices did not generate significant amount of emissions, water pollutants and wastes during business operation, except for greenhouse gas ("GHG") emissions.

The main source of emissions was the indirect GHG emissions from electricity consumption in the workplaces. We have taken energy saving initiatives such as applying optimal temperature setting for office air conditioning; using energy efficient products; switching off the lights for unoccupied zones and turning off idle electronics etc.

GHG emissions

Use of electricity in offices and petrol for vehicles were the main sources of GHG emissions. During the year ended 31 March 2018, the Group's total GHG emissions amounted to approximately 93.7 tonnes and the total GHG emissions per employee was 1.6 tonnes/ employee. A summary of the Group's GHG emissions is shown below:

GHG Performance Summary

GHG Scope	**Tonnes**	**Intensity – Tonnes per employee**
Direct GHG emission (Scope 1)		
– petrol consumption	28.6	0.5
Indirect GHG emission (Scope 2)		
– electricity consumption	48.0	0.8
Other indirect GHG emission (Scope 3)		
– business travel	17.1	0.3
Total GHG emission	93.7	1.6

The Group has incorporated green initiatives in the staff handbook to raise their environmental awareness. We also promote best practices for environmental management by displaying notices and posters around the offices.

The Group has complied with relevant environmental laws and regulations in Hong Kong. During the year ended 31 March 2018, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group. We have established clear and effective lines of communication with our subcontractors to ensure compliance with environmental laws and regulations. Non-compliance or violation may result in immediate remedies or penalties.

In addition to the General Disclosure in Aspect A1, we have also fulfilled our disclosure obligation of the Environmental KPIs, which is summarised below:

"Comply or explain" Provisions

KPI A1.1	The types of emissions and respective emissions data.	Disclosed
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity.	Disclosed
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	Not applicable
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Not applicable
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Disclosed
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Not applicable

A2. Use of Resources

General Disclosure and KPI

Energy Consumption

Due to the business nature of the Group, the level of energy, electricity and water consumption is relatively low, especially water consumption is very minimal. As aforementioned, the Group has formulated policies and procedures relating to the environmental management, including energy management. Electricity consumption and petrol consumption account for a substantial part of the Group's carbon emission.

During the year ended 31 March 2018, the Group's consumption in petrol and electricity is shown below:

Energy Type	**Quantity**	**Unit**	**Intensity – Unit per employee**
Petrol	10,587	litre	185.7
Electricity	76,200	kWh	1,336.8

On top of the measures of mitigating the energy consumption mentioned in previous section, the Group strives to utilize telephone or video conference to minimize face-to-face meeting so as to reduce unnecessary business trips and thus petrol consumption in traveling. The Group encourages resources saving in daily office operation and proactively fosters a low-carbon corporate culture, which further increases our employees' awareness in energy conservation.

Water consumption and use of packaging materials

During the year ended 31 March 2018, the Group does not consume significant amount of water in its business activities. Nevertheless, we have been promoting water conservation by posting water-saving messages in office pantries and washrooms to raise our employees' awareness in environmental protection.

We do not produce packaging for physical products for sale and therefore this disclosure obligation is not applicable to the Group.

In addition to the General Disclosure stated in Aspect A2, we have also fulfilled our disclosure obligation of the KPIs, which is summarised as follows:

"Comply or explain" Provisions

KPI A2.1	Direct and/or indirect energy consumption by type and intensity.	Disclosed
KPI A2.2	Water consumption in total and intensity.	Not applicable
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Disclosed
KPI A2.4	Description on whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Issues in sourcing water – not applicable; Remaining – disclosed
KPI A2.5	Total packaging material used for finished products.	Not applicable

A3. The Environment and Natural Resources

The Group's business has little impact on the environment and natural resources. The Group's subcontractors carry out most of the works indoor where pollutants are concealed, which can help minimise the potential air quality impact. The Group will carry out continuous monitoring and step up control measures to reduce environmental impact caused by our business operation.

B. SOCIAL

B1. Employment

General disclosure

Employees are the Group's most valuable assets and the success of the business depends on the Group's workforce. During the year ended 31 March 2018, the Group has fully complied with the statutory requirements in Hong Kong, including the Companies Ordinance, Employment Ordinance, the Minimum Wages Ordinance, the Personal Data Privacy Ordinance and other relevant rules and regulations.

The Group's staff handbook contains policies in regards to recruitment, promotion, discipline, working hours, leave, equal opportunity and anti discrimination etc. The human resources department is responsible for ensuring all employees have fully understood the contents of the handbook. We will also update the policies periodically. The Group strive to provide a competitive remuneration package to its staff and in addition to salary and double pay, the Group also provide discretionary bonus, training allowance and overseas company trip.

We are committed to safeguarding the rights and interests of the staff. The management regularly reviews employee remuneration and benefits policies in reference to the market standard. Remuneration and benefits are adjusted annually in accordance with the employees' individual performance, contribution and market conditions. Discretionary bonus will be granted to reward employees for their outstanding performances.

During the year ended 31 March 2018, the Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices.

B2. Health and Safety

General disclosure

The Group attaches the utmost importance to workplace safety. We have hired a safety officer to conduct regular trainings to our staff and subcontractors. A workplace safety policy has also been developed and everyone at the workplace are required to abide to. The safety officer and the project manager are required to ensure that everyone at the workplace has followed the policies.

During the year ended 31 March 2018, the Group has complied with the legislative requirements in Hong Kong, including the Occupational Safety and Health Ordinance.

During the year ended 31 March 2018, the Group was not aware of any non-compliance with the health and safety laws and regulations.

B3. Development and Training

General disclosure

The Group recognises the importance of staff training and development, which is vital to maintain and enhance the knowledge and skills needed to deliver professional services to our customers.

In addition to the aforesaid safety trainings, we also provide continuous skills training for staff. The Group has a policy to sponsor staff to attend academic or vocational courses so as to support their professional growth.

The Group will continually evaluate staff training needs and offer appropriate and relevant training to employees that will help equip them with the skill set and technical know-how necessary to discharge their duties.

B4. Labour Standards

General disclosure

The Group prohibits the employment of child or forced labour. Our rigorous recruitment and verification procedures, which includes checking candidates' identity documents, has effectively screened out the underage applicants. There are regular reviews and inspections to ensure the absence of child or forced labour in the workplace.

The Group has complied with the Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong) under the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) on the Employment of Adolescents under the Age of 16 and their Legal Rights and Interests and Provisions on the Prohibition of Child Labor in Hong Kong.

During the year ended 31 March 2018, the Group complied with all the laws and regulations relating to the prevention of child labor or forced labor. The Group was not aware of any material non-compliance with laws and regulations relating to employment and labour practices.

B5. Supply Chain Management

General disclosure

The Group believes that sourcing and selection of suitable suppliers play an important part in ensuring the provision of quality services to customers and has established policy in the selection of suppliers. In order to strengthen the selection of suppliers, the Group welcomes qualified, competent and high-quality suppliers to join.

The Group uses evaluation forms to review the suitability of new suppliers and the continual performance of the existing suppliers. The scope of evaluation covers aspects such as quality of work, price, reliability, social and environmental awareness etc.. Our supplier review also assess their performance in occupational health and safety, employee rights protection, environmental protection and corporate social responsibility. The assessment results will be used as a benchmark for the continuation or termination of cooperation.

B6. Product Responsibility

General disclosure

The Group attaches great importance to service quality and safety and we have in place project quality and safety inspection policies. Our communication with customers confirms their requirements and expectation prior to commencement of works, and effectively coordinates various aspects of projects to ensure satisfactory delivery of service.

During the year ended 31 March 2018, the Group was not aware of any non-compliance with relevant laws and regulations related to health and safety, advertising, labelling and privacy matter relating to the services provided.

B7. Anti-Corruption

General disclosure

Our staff handbook and relevant policies stipulate that our staff cannot solicit or accept any advantage or bribes from any business associates. Our staff are also required to declare any potential conflict of interest that they may face when engaging customers, suppliers and subcontractors. Employees, in carrying out their duties, should always act in the best interest of the Group.

When conflict of interest arises, the employee concerned is obliged to report it to the management in a timely manner. The Group encourages the reporting of misconduct, fraud and corruption, and has adopted a whistle-blowing policy so that employees can confidentially report unethical and illegal behaviours to the management and Company Secretary.

During the year ended 31 March 2018, the Group was not aware of any non-compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

B8. Community Investment

General disclosure

The Group strives to become a responsible and caring corporation and maintains positive interaction and relationships with the community to support its long-term development.

The Group encourages employees to contribute their time and expertise to philanthropic and volunteer activities to benefit our society. Our employees can also take the opportunity to understand more about social and environmental issues while at the same time help enhance the corporate image of the Group.

The Group will consider from time to time to make donations to charities and participating in community projects.

Deloitte. 德勤

TO THE SHAREHOLDERS OF DCB HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of DCB Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 61 to 103, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter

Recognition of revenue and cost from fitting-out and renovation work and amounts due from (to) customers for contract work

We identified the recognition of revenue and cost from fitting-out and renovation work and amounts due from (to) customers for contract work as a key audit matter due to the significance of these balances to the consolidated financial statements as a whole combined with the significant management judgements and estimation are required in the determination of the total outcome of the fitting-out and renovation work as well as the percentage of completion of fitting-out and renovation work.

As at 31 March 2018, the Group recorded amounts due from customers for contract work of HK$83,103,000 and amounts due to customers for contract work of HK$7,716,000. The Group has recognised revenue and cost of services amounting to HK$273,690,000 and HK$239,465,000 respectively for the year ended 31 March 2018.

The Group recognises contract revenue and profit of a fitting-out and/or renovation work and amounts due (to) from customers for contract work according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works which is measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. As such, the actual outcome of the contract in terms of its total costs may be different from the estimation and this will have material financial impact on the consolidated financial statements.

Details are set out in note 5 to the consolidated financial statements.

Our procedures in relation to the recognition of revenue and cost from fitting-out and renovation work and amounts due from (to) customers for contract work included:

- Evaluating the estimation of revenue and profit recognised on fitting-out and renovation work on a sample basis, by:
  - agreeing the contract sum, variation orders and budgeted costs to respective signed contracts, correspondence with customers and approved budgets;
  - understanding from the management about how the approved budgets were prepared and the respective stage of completion was determined; and
  - challenging the reasonableness of key judgments inherent in budgets (such as sub-contracting charges, costs of materials, staff costs, etc.) with reference to the actual costs of complected projects that were similar in scale and nature.
- Assessing the reliability of the approved budgets by comparing the actual outcome against the management's estimation of completed contracts on a sample basis; and
- Checking the accuracy of the amounts due from (to) customers for contract work by agreeing the amount of progress billings to billings issued to customers and agreeing the amount of contract costs incurred to supplier invoices from subcontractors, on a sample basis.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Chan Ka Sing.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 June 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
Revenue	6	**273,690**	225,870
Cost of services		**(239,465)**	(199,268)
Gross profit		**34,225**	26,602
Other income	7	**1**	748
Administrative expenses		**(10,673)**	(7,492)
Finance costs	8	**(440)**	(819)
Listing expenses		**(12,442)**	(2,456)
Profit before tax	9	**10,671**	16,583
Income tax expense	10	**(3,675)**	(3,065)
Profit and total comprehensive income for the year		**6,996**	13,518
Earnings per share			
Basic (HK cents)	14	**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	15	**1,152**	1,083
Current assets			
Trade and other receivables	16	**18,851**	21,844
Amounts due from customers for contract work	17	**83,103**	34,560
Bank balances and cash	18	**45,885**	22,988
		147,839	79,392
Current liabilities			
Trade and other payables	19	**48,128**	17,752
Amounts due to customers for contract work	17	**7,716**	10,655
Borrowings	20	**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	21	**3,200**	10,010
Reserves		**86,561**	24,458
Total equity		**89,761**	34,468

The consolidated financial statements on pages 61 to 103 were approved and authorised for issue by the board of directors on 25 June 2018 and are signed on its behalf by:

Cheng Tsang Fu, Dennis
DIRECTOR

Liu Lee Lee, Lily
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Retained profits HK$'000	Total 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 (note 13)	–	–	–	(5,000)	(5,000)
Issue of shares (note 21)	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 (note 13)	–	–	–	(3,000)	(3,000)
Effect of group reorganisation (Note)	(10,010)	–	10,010	–	–
Capitalisation issue of shares (note 21(iii))	2,400	(2,400)	–	–	–
Issue of shares pursuant to initial public offering (note 21(iv))	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.

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**10,671**	16,583
Adjustments for:		
Finance costs	**440**	819
Depreciation of plant and equipment	**398**	364
Provision for long service payment	**54**	22
Loss on disposal of plant and equipment	**141**	17
Interest income	**(1)**	(612)
Operating cash flows before movements in working capital	**11,703**	17,193
Decrease (increase) in trade and other receivables	**2,993**	(10,808)
Increase in amounts due from customers for contract work	**(48,543)**	(5,267)
Increase (decrease) in trade and other payables	**29,924**	(15,723)
(Decrease) increase in amounts due to customers for contract work	**(2,939)**	4,677
Cash used in operations	**(6,862)**	(9,928)
Income tax paid	**(3,666)**	(4,446)
NET CASH USED IN OPERATING ACTIVITIES	**(10,528)**	(14,374)
INVESTING ACTIVITIES		
Interest received	**1**	1
Purchase of plant and equipment	**(608)**	(951)
Proceeds from disposal of plant and equipment	**–**	12
Advance to a director	**–**	(1,035)
Advance to immediate holding company	**(3,000)**	–
Repayment from immediate holding company	**3,000**	–
Repayments from directors	**–**	14,942
Repayment from a related company	**–**	1,218
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(607)**	14,187
FINANCING ACTIVITIES		
New bank loans raised	**32,446**	78,000
Repayments of borrowings	**(46,723)**	(66,367)
Interest paid	**(440)**	(813)
Dividends paid	**(3,000)**	(5,000)
Issue of new shares pursuant to initial public offering	**60,000**	–
Payment of transaction costs attributable to issue of new shares	**(8,251)**	–
Issue of share capital	**–**	10,000
NET CASH FROM FINANCING ACTIVITIES	**34,032**	15,820
NET INCREASE IN CASH AND CASH EQUIVALENTS	**22,897**	15,633
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**22,988**	7,355
CASH AND CASH EQUIVALENTS AT END OF YEAR represented by bank balances and cash	**45,885**	22,988

1. GENERAL

DCB Holdings Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 8 March 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 14 February 2018. Its registered office is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is located at 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 (collectively referred to as "the Group").

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 21) subscribed for and DCB allotted and issued 870 shares for an aggregate consideration of HK$10,000,000;

2. BASIS OF PREPARATION AND PRESENTATION OF CONSOLIDATED 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 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 (the "HKICPA") 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

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

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 that are relevant to the Group are:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss; and

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 *Financial Instruments: Recognition and Measurement*. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies at 31 March 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement:

- Debt instruments classified as loans and receivables carried at amortised cost as disclosed in note 27a: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9; and

- Except for financial assets which are subject to expected credit losses model upon application of HKFRS 9, all other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

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

HKFRS 9 Financial Instruments (continued)

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by the Group as at 1 April 2018 would not be significantly different from that under HKAS 39.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosure are required by HKFRS 15.

HKFRS 15 establishes that revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. Under HKFRS 15, revenue is either recognised over time or at a point in time while under HKAS 11 contract revenue is recognised by reference to the stage of completion.

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

HKFRS 15 Revenue from Contracts with Customers (continued)

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of approximately HK$338,000 as disclosed in note 22. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

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

HKFRS 16 Leases (continued)

In addition, the Group currently considers refundable rental deposits paid of HK$285,000 as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosures as indicated above.

Except as described above, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs and interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. 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 as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains controls until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from construction contracts is recognised on the percentage of completion method, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs during the year.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probably will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on tangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables and borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Revenue recognition of construction work

The Group recognises contract revenue and profit of a construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction works. Estimated construction revenue is determined with reference to the terms of the relevant contracts. Contract costs which mainly comprise sub-contracting charges and costs of materials are estimated by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Notwithstanding that the management reviews and revises the estimates of both contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

As at 31 March 2018, the carrying amount of amounts due from customers for contract work was approximately HK$83,103,000 (2017: HK$34,560,000) and the carrying amount of amounts due to customers for contract work was approximately HK$7,716,000 (2017: HK$10,655,000) (note 17).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate compounded at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2018, the carrying amount of trade receivables of the Group was approximately HK$17,525,000 (2017: HK$19,796,000) (note 16).

6. 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**

6. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

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.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by each segment without allocation of other income, administrative expenses, finance costs and listing expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Geographical information

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

6. REVENUE AND SEGMENT INFORMATION (continued)

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	Operating segment	2018 HK$'000	2017 HK$'000
Customer A	Fitting-out work	**78,322**	N/A[1]
Customer B	Fitting-out work	**4,201**	42
	Renovation work	**51,409**	24,584
		55,610	24,626
Customer C	Renovation work	**42,590**	N/A[1]
Customer D	Fitting-out work	**35,918**	66,040
Customer E	Fitting-out work	**N/A[1]**	53,354
	Renovation work	**N/A[1]**	1,513
		N/A[1]	54,867

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Interest income arising from amount due from a director	**–**	611
Bank interest income	**1**	1
Others	**–**	136
	1	748

8. FINANCE COSTS

Finance costs represent interest on bank borrowings.

9. PROFIT BEFORE TAX

	2018 HK$'000	2017 HK$'000
Profit before tax has been arrived at after charging:		
Directors' emolument (note 11)		
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

10. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'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.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 HK$'000	2017 HK$'000
Profit before tax	**10,671**	16,583
Tax at Hong Kong Profits Tax rate of 16.5%	**1,761**	2,736
Tax effect of expenses not deductible for tax purpose	**2,142**	480
Tax effect of income not taxable for tax purpose	**–**	(131)
Tax reduction	**(30)**	(20)
Others (Note)	**(198)**	–
Income tax expense for the year	**3,675**	3,065

Note: The amount for the year ended 31 March 2018 mainly represents the balancing allowance resulted from the written off of leasehold improvement on which commercial building allowances were granted in the prior years.

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company during the year ended 31 March 2018 for their services rendered to the entities comprising the Group are as follows:

	Fee HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000 (Note v)	Retirement benefit scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2018					
Executive directors					
Mr. Dick Cheng (Note i)	**–**	**321**	**100**	**14**	**435**
Mr. Dennis Cheng (Note ii)	**–**	**1,159**	**950**	**18**	**2,127**
Ms. Lily Liu (Note iii)	**–**	**1,054**	**100**	**18**	**1,172**
Independent non-executive directors					
Mr. Chu Wai Wa Fangus (Note iv)	**9**	**–**	**–**	**–**	**9**
Mr. Cheung Kwok Keung (Note iv)	**9**	**–**	**–**	**–**	**9**
Mr. Chak Chi Man (Note iv)	**9**	**–**	**–**	**–**	**9**
	27	**2,534**	**1,150**	**50**	**3,761**

	Fee HK$'000	Salaries, allowances and other benefits HK$'000	Discretionary bonus HK$'000 (Note v)	Retirement benefit scheme contributions HK$'000	Total HK$'000
Year ended 31 March 2017					
Executive directors					
Mr. Dick Cheng (Note i)	–	260	100	13	373
Mr. Dennis Cheng (Note ii)	–	905	500	18	1,423
Ms. Lily Liu (Note iii)	–	940	70	18	1,028
	–	2,105	670	49	2,824

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

Notes:

(i) Mr. Dick Cheng was appointed as an executive director and the chairman of the board of directors of the Company on 8 March 2017.

(ii) Mr. Dennis Cheng was appointed as an executive director of the Company on 8 March 2017.

(iii) Ms. Lily Liu was appointed as an executive director of the Company on 8 March 2017.

(iv) No emoluments were paid or payable to the independent non-executive directors during the year ended 31 March 2017 as they were appointed by the Company on 19 January 2018.

(v) Discretionary bonus was determined with reference to the Group's operating results and individual performance of the executive directors of the Company.

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included two directors (2017: two directors), details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the remaining three (2017: three) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2018 HK$'000	2017 HK$'000
Salaries, allowances and other benefits	**1,906**	1,687
Discretionary bonus	**920**	660
Retirement benefit scheme contributions	**54**	36
	2,880	2,383

The number of the highest paid employees who are not the directors of the Company whose emoluments fell within the following bands is as follows:

	2018 No. of employees	2017 No. of employees
Nil to HK$1,000,000	**1**	3
HK$1,000,001 to HK$1,500,000	**2**	–

During the year ended 31 March 2018, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company nor the five highest paid individuals waived any emoluments during the year ended 31 March 2018.

13. 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.

14. 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 21 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.

15. PLANT AND EQUIPMENT

	Furniture and equipment HK$'000	Decoration HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
As at 1 April 2016	190	900	962	2,052
Additions	255	–	696	951
Disposals	–	–	(47)	(47)
As at 31 March 2017	445	900	1,611	2,956
Additions	253	60	295	608
Disposals	(358)	(900)	–	(1,258)
As at 31 March 2018	340	60	1,906	2,306
DEPRECIATION				
As at 1 April 2016	159	900	468	1,527
Provided for the year	68	–	296	364
Eliminated on disposals	–	–	(18)	(18)
As at 31 March 2017	227	900	746	1,873
Provided for the year	62	9	327	398
Eliminated on disposals	(217)	(900)	–	(1,117)
As at 31 March 2018	72	9	1,073	1,154
CARRYING VALUE				
As at 31 March 2018	268	51	833	1,152
As at 31 March 2017	218	–	865	1,083

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Furniture and equipment	30%
Decoration	33⅓%
Motor vehicles	20%

16. TRADE AND OTHER RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**17,525**	19,796
Deposits and prepayments	**329**	1,181
Deferred issue costs	**–**	819
Other receivables	**997**	48
Total trade and other receivables	**18,851**	21,844

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.

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 HK$'000	2017 HK$'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).

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

	2018 HK$'000	2017 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**533,773**	510,884
Less: progress billings	**(458,386)**	(486,979)
	75,387	23,905
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).

18. BANK BALANCES AND CASH

Bank balances carried interest at prevailing market rate of 0.01% per annum (2017: 0.01% per annum) as at 31 March 2018.

19. TRADE AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	**43,440**	15,205
Accruals	**4,688**	2,547
	48,128	17,752

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

	2018 HK$'000	2017 HK$'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

20. BORROWINGS

	2018 HK$'000	2017 HK$'000
Revolving bank loans	**–**	16,500
Bank term loans	**2,223**	–
	2,223	16,500
Carrying amount of the above borrowings that are variable-rate and repayable:		
Within one year	**2,223**	16,500
The carrying amount of bank loans that contain a repayment on demand clause	**2,223**	16,500

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

20. BORROWINGS (continued)

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

	2018	2017
Effective interest rate:		
Variable-rate borrowings	**HIBOR + 2.5%**	HIBOR + 2%

The loans are classified as current liabilities since the Company has no unconditional right to defer settlement of any portion of the liabilities for at least twelve months after the reporting date. As at 31 March 2018, the term loans were secured by the mortgage of leasehold land and building owned by Mr. Dick Cheng and Ms. Chow Siu Shan Juliana ("Ms. Chow"), the spouse of Mr. Dick Cheng, together with personal guarantees given by all executive directors of the Company. The personal guarantees would be released and replaced by corporate guarantees provided by the Company upon completion of application with the banks. As at 31 March 2017, the revolving loans were secured by the mortgage of leasehold land and buildings owned by Mr. Dick Cheng and Ms. Chow, and a related company in which one of the directors of the Company has beneficial interest, together with personal guarantees given by all executive directors of the Company.

21. 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.

21. SHARE CAPITAL (continued)

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

Ordinary shares of HK$0.01 each	Number of shares	Amount	
		HK$	HK$'000
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.

22. OPERATING LEASES

The Group as lessee

	2018 HK$'000	2017 HK$'000
Minimum lease payments paid under operating leases during the year	**1,502**	1,524

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

	2018 HK$'000	2017 HK$'000
Within one year	**338**	1,433
In the second to fifth year inclusive	**–**	274
	338	1,707

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

23. RETIREMENT BENEFIT PLANS

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") for its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of an independent trustee. The Group contributes at the lower of HK$1,500 or 5% of relevant payroll costs to the MPF Scheme, which contribution is matched by the employee.

The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The total cost of HK$770,000 (2017: HK$488,000) charged to profit or loss represents contribution paid or payable to the above scheme by the Group for the year ended 31 March 2018.

24. SURETY BOND AND CONTINGENT LIABILITY

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

At the end of the reporting period, the Group had outstanding performance bonds as follows:

	2018 HK$'000	2017 HK$'000
Issued by banks	**31,677**	20,243

25. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2017, bank borrowings of approximately HK$21,321,000 and the respective bank interest expenses of approximately HK$6,000 were settled by Mr. Dick Cheng on behalf of DCB and offsetting the advance from DCB to Mr. Dick Cheng of approximately HK$21,327,000.

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balance. The Group's overall strategy remained unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 20, net of cash and cash equivalents and equity of the Company, comprising issued share capital and retained profits.

The directors of the Company review the capital structure from time to time. As a part of this review, the directors of the Company consider the cost of capital and the risks associated with share capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

27. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2018 **HK$'000**	2017 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**63,410**	42,784
Financial liabilities		
Amortised cost	**45,663**	31,705

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

27. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances (see note 18 for details) and variable-rate bank borrowings (see note 20 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR arising from the Group's HK$ dominated borrowings.

The directors of the Company consider that the overall interest rate risk is not significant as the fluctuation of interest rates on bank balances and HIBOR to bank borrowings is minimal. Accordingly, no sensitivity analysis is prepared and presented.

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with good credit ratings assigned by international credit-rating agencies.

The Group is exposed to concentration of credit risk as at 31 March 2018 on trade receivables from the Group's five major customers amounting to approximately HK$6,243,000 (2017: HK$17,304,000) and accounted for 36% (2017: 87%) of the Group's total trade receivables. The major customers of the Group are reputable organisations. The directors of the Company closely monitor the subsequent settlement of the customers. In this regard, the directors of the Company consider that the Group's credit concentration risk is significantly mitigated.

27. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from prevailing interest rate at the end of the reporting period.

Liquidity tables

	Weighted average effective interest rate	Repayable on demand or less than 1 year	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000
At 31 March 2018				
Non-derivative financial liabilities				
Trade payables	**–**	**43,440**	**43,440**	**43,440**
Variable-rate bank loans	**3.25**	**2,223**	**2,223**	**2,223**
		45,663	**45,663**	**45,663**
At 31 March 2017				
Non-derivative financial liabilities				
Trade payables	–	15,205	15,205	15,205
Variable-rate bank loans	2.44	16,500	16,500	16,500
		31,705	31,705	31,705

27. FINANCIAL INSTRUMENTS (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity tables (continued)

Bank loans with a repayment on demand clause are included in the "repayable on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2018, the aggregate undiscounted principal amounts of these bank loans amounted to HK$2,223,000 (2017: HK$16,500,000). Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment.

The directors of the Company believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements, details of which are set out in the table below:

	Maturity Analysis - Bank loans with a repayment on demand clause based on scheduled repayments					
	Less than 1 year	**1-2 years**	**2-5 years**	**Over 5 years**	**Total undiscounted cash flows**	**Carrying amount**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 March 2018	**2,235**	**–**	**–**	**–**	**2,235**	**2,223**
31 March 2017	16,515	–	–	–	16,515	16,500

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

c. Fair value measurements of financial instruments

The fair value of financial assets and financial liabilities measured at amortised cost are determined in accordance with general accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost and recorded in the consolidated financial statements approximate their fair values.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Accrued issue costs HK$'000	**Dividends payables** HK$'000	**Borrowings** HK$'000	**Total** HK$'000
At 1 April 2016	–	–	26,188	26,188
Financial cash flows	–	(5,000)	10,820	5,820
Non-cash changes				
Issue costs accrued	819	–	–	819
Interest expense recognised (note 8)	–	–	819	819
Dividends declared (note 13)	–	5,000	–	5,000
Other changes (note 25)	–	–	(21,327)	(21,327)
At 31 March 2017	819	–	16,500	17,319
Financing cash flows	(8,251)	(3,000)	(14,717)	(25,968)
Non-cash changes				
Issue costs accrued	7,884	–	–	7,884
Interest expense recognised (note 8)	–	–	440	440
Dividends declared (note 13)	–	3,000	–	3,000
At 31 March 2018	452	–	2,223	2,675

29. RELATED PARTY DISCLOSURES

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

Name of related company	**Relationship**	**Nature of transaction**	**2018 HK$'000**	2017 HK$'000
Mr. Dick Cheng	Director	Contract revenue	**441**	5,690
		Interest income arising from amount due from a director	–	611

The executive directors of the Company had given personal guarantees to banks for the facilities granted for the use by the Group.

Compensation of key management personnel

The directors of the Company were considered to be the key management personnel of the Group. The remuneration of the directors of the Company is set out in note 11.

30. SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 19 January 2018 to enable the Company to grant share options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group.

Pursuant to the Share Option Scheme, the directors of the Company may, at their absolute discretion, offer to grant an option to subscribe for the shares to the following persons (the "Eligible Persons"): (a) any directors (including executive, non-executive and independent non-executive directors) of the Company or any of its subsidiaries; (b) any full-time or part-time employees of the Company or any of its subsidiaries; (c) any consultants or advisers of the Group; (d) any providers of goods and/or services to the Group; (e) any customers of the Group; (f) any holders of securities issued by the Company or any of its subsidiaries; and (g) any other person, who, at the sole discretion of the directors of the Company, has contributed to the Group.

An option shall have been accepted by an Eligible Person within 7 days from the date of the offer of grant of the option. A consideration of HK$1.00 is payable on acceptance of the offer of grant of an option.

The maximum number of shares which may be issued upon exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Company) to be granted under the Share Option Scheme and any other share option scheme of the Company must not in aggregate exceed 32,000,000 shares, being 10% of the shares in issue as at the date on which the Company's shares were listed on GEM of the Stock Exchange. No share options had been granted by the Company under the Share Option Scheme up to the date of issuance of these financial statements. Therefore, the number of shares available for issue is 32,000,000 shares, being approximately 10% of the shares in issue as at the date of issuance of these financial statements.

The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each Eligible Person in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of options in excess of the 1% limit shall be subject to shareholders' approval in a general meeting with such grantee and his/her close associates abstaining from voting.

The subscription price per share under the Share Option Scheme shall be a price determined by the directors of the Company, but shall be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of offer for the grant, which must be a trading day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant; and (c) the nominal value of the shares on the date of grant of the option.

Unless there is an early termination of the Share Option Scheme pursuant to the rules of the Share Option Scheme, the Share Option Scheme will remain in force for a period of 10 years after the date on which the Share Option Scheme is adopted. The period during which an option may be exercised will be determined by the directors of the Company in their absolute discretion, save that no option shall be exercised later than 10 years from the date of grant.

31. PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below:

Name of subsidiary	Place, the date of incorporation/ establishment	Issued and fully paid capital/ registered capital	Equity interests attributable to the Company As at 31 March		Principal activities
			2018	2017	
Directly held:					
Multi Rewards	BVI, 3 January 2017	US$1	**100%**	100%	Investment holding
Indirectly held:					
DCB	Hong Kong, 16 June 2008	HK$10,010,000	**100%**	100%	Provision of fitting-out and renovation services

None of the subsidiaries had issued any debt securities at the end of the year.

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2018 HK$'000	2017 HK$'000
Non-current asset		
Investments in subsidiaries	–*	–*
Current assets		
Prepayments	–	1,708
Amount due from a subsidiary	**11,944**	–
Bank balances and cash	**26,181**	–
	38,125	1,708
Current liabilities		
Other payables	**1,918**	1,135
Amount due to a subsidiary	–	3,092
	1,918	4,227
Net current assets (liabilities)	**36,207**	(2,519)
Net assets (liabilities)	**36,207**	(2,519)
Capital and reserves		
Share capital	**3,200**	–*
Reserves	**33,007**	(2,519)
Total equity	**36,207**	(2,519)

* Less than HK$1,000

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserves

	Share premium HK$'000	Accumulated losses HK$'000	Total HK$'000
At 8 March 2017 (date of incorporation)	–	–	–
Loss and total comprehensive expense for the period	–	(2,519)	(2,519)
At 31 March 2017	–	(2,519)	(2,519)
Loss and total comprehensive expense for the year	–	(12,571)	(12,571)
Capitalisation issue of shares	(2,400)	–	(2,400)
Issue of shares pursuant to initial public offering	59,200	–	59,200
Expenses incurred in connection with issue of new shares	(8,703)	–	(8,703)
At 31 March 2018	48,097	(15,090)	33,007

Three Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last three financial years, extracted from the audited financial statements in this annual report and the Prospectus of the Company dated 31 January 2018, is as follows:

Results

	For the year ended 31 March		
	2018	2017	2016
	HK$'000	HK$'000	HK$'000
Revenue	**273,690**	225,870	178,205
Profit before tax	**10,671**	16,583	14,834
Income tax expense	**(3,675)**	(3,065)	(2,444)
Profit and total comprehensive income for the year	**6,996**	13,518	12,390

Assets and liabilities

	As at 31 March		
	2018	2017	2016
	HK$'000	HK$'000	HK$'000
Total assets	**148,991**	80,475	84,050
Total liabilities	**59,230**	46,007	68,100
Total equity	**89,761**	34,468	15,950