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## **CHerish Holdings Limited**

### **東盈控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 2113)**

#### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

The board (the “Board”) of directors (the “Directors”) of CHerish Holdings Limited (the “Company”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2016 (the “Period”), together with the comparative figures for the corresponding period in 2015. The information as stated in this announcement should be read in conjunction with the prospectus (the “Prospectus”) of the Company dated 30 September 2016.

#### **FINANCIAL HIGHLIGHTS**

- Revenue of the Group for the six months ended 30 September 2016 amounted to approximately HK\$172.1 million (for the six months ended 30 September 2015: approximately HK\$64.1 million).
- Profit attributable to owners of the Company for the six months ended 30 September 2016 amounted to approximately HK\$12.8 million (for the six months ended 30 September 2015: approximately HK\$11.5 million).
- Basic and diluted earnings per share for the six months ended 30 September 2016 amounted to approximately HK cents 2.14 (for the six months ended 30 September 2015: approximately HK cents 1.92).
- The Board does not declare any interim dividend for the six months ended 30 September 2016.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016*

	<i>Notes</i>	<b>Six months ended 30 September</b>	
		<b>2016</b>	<b>2015</b>
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	4	<b>172,055</b>	64,075
Cost of sales		<b>(141,074)</b>	(48,125)
<b>Gross profit</b>		<b>30,981</b>	15,950
Other income	5	<b>138</b>	298
Administrative expenses		<b>(13,614)</b>	(2,245)
Finance costs	6	<b>(151)</b>	(205)
<b>Profit before taxation</b>		<b>17,354</b>	13,798
Taxation	7	<b>(4,515)</b>	(2,269)
<b>Profit and total comprehensive income for the period</b>	8	<b>12,839</b>	11,529
<b>Basic and diluted earnings per share (HK cents)</b>	9	<b>2.14</b>	1.92

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
*AS AT 30 SEPTEMBER 2016*

	<i>Notes</i>	<b>As at 30 September 2016 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2016 HK\$'000 (Audited)</b>
<b>Non-current assets</b>			
Plant and equipment	<i>11</i>	<u>21,384</u>	<u>21,910</u>
<b>Current assets</b>			
Amounts due from customers for contract work	<i>12</i>	33,155	19,822
Trade and other receivables	<i>13</i>	34,379	32,687
Amount due from directors	<i>14</i>	–	93
Cash and bank balances		<u>34,668</u>	<u>52,220</u>
		<u>102,202</u>	<u>104,822</u>
<b>Current liabilities</b>			
Amounts due to customers for contract work	<i>12</i>	27,423	29,508
Trade and other payables	<i>15</i>	34,045	31,796
Unsecured bank borrowings		–	248
Obligations under finance leases – due within one year	<i>16</i>	3,816	3,391
Tax payable		<u>13,413</u>	<u>10,777</u>
		<u>78,697</u>	<u>75,720</u>
<b>Net current assets</b>		<u>23,505</u>	<u>29,102</u>
<b>Total assets less current liabilities</b>		<u>44,889</u>	<u>51,012</u>
<b>Non-current liabilities</b>			
Obligations under finance leases – due after one year	<i>16</i>	3,444	3,547
Deferred tax liabilities		<u>2,404</u>	<u>2,263</u>
		<u>5,848</u>	<u>5,810</u>
<b>Net assets</b>		<u>39,041</u>	<u>45,202</u>
<b>Capital and reserves</b>			
Share capital	<i>17</i>	–	–
Reserves		<u>39,041</u>	<u>45,202</u>
<b>Total equity</b>		<u>39,041</u>	<u>45,202</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1. GENERAL INFORMATION AND CORPORATE REORGANISATION

### (a) General information

The Company is a limited liability company incorporated in the Cayman Islands on 31 March 2016. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-111, Cayman Islands and the address of the principal place of business of the Company is located at Office No. 917, Shatin Galleria, 18-24 Shan Mei Street, Fo Tan, New Territories, Hong Kong.

The Company is an investment holding company, while C & H Engineering Company Limited ("C&H"), being the principal subsidiary of the Company, is principally engaged in provision of site formation works.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 October 2016 (the "Listing Date").

The condensed consolidated interim financial statements are presented in Hong Kong dollars ("HK\$"), which is the Group's and the Company's functional and presentation currency.

### (b) Corporate reorganisation

In preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Company underwent a corporate reorganisation (the "Reorganisation").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 31 March 2016. Through the Reorganisation, as more fully explained in the paragraph headed "Reorganisation" in the section headed "History and Development" to the Prospectus in connection with the share offer of the Company's shares dated 30 September 2016, the Company became the holding company of the companies now comprising the Group on 20 September 2016.

## 2. BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 September 2016 have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The condensed consolidated interim financial statements should be read in conjunction with the combined financial statements for the three years ended 31 March 2014, 2015 and 2016 as set out in the accountants' report (the "Accountants' Report") included in Appendix I to the Prospectus.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements have been prepared on the historical cost basis. The significant accounting policies used in the preparation of condensed consolidated interim financial statements are consistent with those described in the Accountants' Report except for the adoption of the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA for the first time for the current period's financial statements.

#### New and revised HKFRSs

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations

The adoption of these new and revised HKFRSs has had no material impact on the condensed consolidated interim financial statements. The Group has not yet adopted any new and revised HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the impact of the adoption of such new and revised HKFRSs on the Group's results and financial position.

### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for construction and site formation services rendered during the periods.

#### Segment information

The chief operating decision maker regards the Group's business as a single operating segment and reviews financial statements accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

### 5. OTHER INCOME

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	1	2
Refund of MPF contributions	69	206
Others	68	90
	<u>138</u>	<u>298</u>

## 6. FINANCE COSTS

	Six months ended 30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on:		
– unsecured bank overdrafts and unsecured bank borrowings	6	44
– obligations under finance leases	145	161
	<u>151</u>	<u>205</u>

## 7. TAXATION

	Six months ended 30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current period taxation		
Hong Kong Profits Tax	4,374	1,408
Deferred taxation	141	861
	<u>4,515</u>	<u>2,269</u>

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI during the period.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit during the periods.

## 8. PROFIT FOR THE PERIOD

Profit for the period has been arrived after charging:

	Six months ended 30 September	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Staff costs, including directors’ emoluments		
– Salaries, wages, allowances and other benefits	13,537	12,785
– Contributions to retirement benefits scheme	471	468
Loss on disposals of plant and equipment	–	24
Depreciation of plant and equipment	4,872	3,102
Minimum lease payments paid under operating lease in respect of office premises	144	125
Listing expenses	8,783	–

## 9. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue during the respective periods.

The calculation on basic and diluted earnings per share is based on the following information:

	Six months ended 30 September	
	2016 (Unaudited)	2015 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	12,839	11,529
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousand)	600,000	600,000
Basic earnings per share (HK cents)	<u>2.14</u>	<u>1.92</u>

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share for the periods has been determined based on the assumption that the Capitalisation Issue as mentioned in note 20(b) had occurred on 1 April 2015.

Diluted earnings per share are same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the periods.

## 10. DIVIDENDS

	Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Dividends recognised as distribution during the periods		
2017 Interim	<u>19,000</u>	<u>—</u>

No dividend was paid or proposed by the Company during the respective periods, nor has any interim dividend of the Company been declared for the six months ended 30 September 2016.

On 30 May 2016, the directors of C&H declared an interim dividend of HK\$19,000,000 to its then shareholders.

## 11. PLANT AND EQUIPMENT

**Plant and  
equipment**  
*HK\$'000*

### Six months ended 30 September 2016

<b>Net book value</b>	
Opening amount as at 1 April 2016 (Audited)	21,910
Addition	4,346
Depreciation	(4,872)
	21,384
<b>Closing amount as at 30 September 2016 (Unaudited)</b>	<b>21,384</b>

### Six months ended 30 September 2015

<b>Net book value</b>	
Opening amount as at 1 April 2015 (Audited)	14,734
Addition	5,634
Disposals	(924)
Depreciation	(3,102)
	16,342
<b>Closing amount as at 30 September 2015 (Unaudited)</b>	<b>16,342</b>

## 12. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	<b>As at 30 September 2016 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2016 HK\$'000 (Audited)</b>
Contract costs incurred plus recognised profit less recognised losses	508,191	347,546
Less: progress billings	(502,459)	(357,232)
	5,732	(9,686)
Analysed for reporting purposes as:		
Amounts due from customers for contract work	33,155	19,822
Amounts due to customers for contract work	(27,423)	(29,508)
	5,732	(9,686)

### 13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2016 <i>HK\$'000</i> (Unaudited)	As at 31 March 2016 <i>HK\$'000</i> (Audited)
Trade receivables	18,414	6,770
Retention receivables	14,563	22,446
Prepaid listing expenses	–	783
Prepayments, deposits and other receivables	1,402	2,688
	<u>34,379</u>	<u>32,687</u>

*Notes:*

- (a) The Group does not have a standardised and universal credit period granted to its customers, and the credit period of individual customer is considered on a case-by-case basis and stipulated in the project contract, as appropriate.
- (b) The ageing analysis of trade receivables based on the certified report which approximates revenue recognition date and invoice date at the end of each reporting period is as follows:

	As at 30 September 2016 <i>HK\$'000</i> (Unaudited)	As at 31 March 2016 <i>HK\$'000</i> (Audited)
0 to 30 days	9,504	6,401
31 to 60 days	8,827	365
61 to 120 days	83	4
	<u>18,414</u>	<u>6,770</u>

Trade receivables of approximately HK\$18,331,000 and HK\$6,766,000 as at 30 September 2016 and 31 March 2016 were not yet past due and approximately HK\$83,000 and HK\$4,000 as at 30 September 2016 and 31 March 2016 were past due but not impaired. The directors of the Company consider that there has not been a significant change in credit quality of the relevant customers and there is no recent history of default, therefore the amounts are considered to be recoverable.

- (c) The Group does not hold any collateral over these balances.

#### 14. AMOUNTS DUE FROM DIRECTORS

The amounts due from directors were unsecured, interest free and had repayable on demand.

	<b>As at 30 September 2016 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2016 HK\$'000 (Audited)</b>
Mr. Tang Man On	–	29
Mr. Kwok Hoi Chiu	–	64
	<u>–</u>	<u>93</u>
	<b><u>–</u></b>	<b><u>93</u></b>

The Group does not hold any collateral over the amounts due from directors.

#### 15. TRADE AND OTHER PAYABLES

	<b>As at 30 September 2016 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2016 HK\$'000 (Audited)</b>
Trade payables	22,241	18,195
Retention payables	6,350	6,028
Accrued expenses and other payables	5,454	7,573
	<u>34,045</u>	<u>31,796</u>
	<b><u>34,045</u></b>	<b><u>31,796</u></b>

*Notes:*

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

	<b>As at 30 September 2016 HK\$'000 (Unaudited)</b>	<b>As at 31 March 2016 HK\$'000 (Audited)</b>
0 to 30 days	14,915	12,317
31 to 60 days	6,175	5,269
61 to 90 days	1,060	290
91 to 365 days	91	319
	<u>22,241</u>	<u>18,195</u>
	<b><u>22,241</u></b>	<b><u>18,195</u></b>

## 16. OBLIGATIONS UNDER FINANCE LEASES

	As at 30 September 2016 <i>HK\$'000</i> (Unaudited)	As at 31 March 2016 <i>HK\$'000</i> (Audited)
Analysed for reporting purposes as:		
Current liabilities	3,816	3,391
Non-current liabilities	<u>3,444</u>	<u>3,547</u>
Total borrowings	<u><u>7,260</u></u>	<u><u>6,938</u></u>

It is the Group's policy to lease certain of its machineries and motor vehicles under finance leases. The average lease term ranged from approximately 2 to 5 years for each of reporting period. The obligations under finance leases carried interest at floating rate from 4.0% to 4.8% per annum or at fixed rates from 3.8% to 5.0% per annum during the reporting period.

The Group's obligations under finance leases were secured by the lessors' charge over the leased assets and the personal guarantees given by the Company's directors, Ms. Choi Chun Chi Sandy and Mr. Tang Man On, as at 31 March 2016 and 30 September 2016.

## 17. SHARE CAPITAL

	<i>Note</i>	Number of ordinary shares	Nominal amount <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each			
Authorised:			
On 31 March 2016 (date of incorporation)	<i>a</i>	38,000,000	380
Increase in authorised share capital	<i>b</i>	<u>1,962,000,000</u>	<u>19,620</u>
As at 30 September 2016		2,000,000,000	20,000
Issued and fully paid:			
On 31 March 2016 (date of incorporation)	<i>a</i>	1	–
Issuance of shares upon Reorganisation	<i>c</i>	<u>9,999</u>	<u>–</u>
As at 30 September 2016		<u><u>10,000</u></u>	<u><u>–</u></u>

*Notes:*

- (a) Upon incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. One share was allotted and issued nil-paid to the subscriber on 31 March 2016, which was subsequently transferred to Waterfront Palm Limited (“Waterfront Palm”) on the same date.
- (b) On 20 September 2016, the sole shareholder resolved to increase the authorised share capital of the Company from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares, each ranking pari passu with the shares then in issue in all respects.
- (c) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Honestly Luck Limited from Waterfront Palm, on 20 September 2016, (i) the one nil-paid share then held by Waterfront Palm was credited as fully paid, and (ii) 9,999 shares, all credited as fully paid, were allotted and issued to Waterfront Palm.
- (d) Upon completion of the Reorganisation on 20 September 2016, the Company has become the holding company of the Group.

## 18. OPERATING LEASE COMMITMENTS

### Group as lessee

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	<b>As at 30 September 2016 HK\$'000 (Unaudited)</b>	As at 31 March 2016 HK\$'000 (Audited)
Within one year	<b>192</b>	288
In the second to fifth year inclusive	—	48
	<b>192</b>	336

Operating lease payments represents rental payable by the Group for its office premises. Leases are negotiated and rentals are fixed for a term ranging from 1 to 2 years.

## 19. RELATED PARTY TRANSACTIONS

- (a) Save as disclosed in notes 14 and 16 to these condensed consolidated interim financial statements, the Group entered into transactions with related parties as follows:

Related party	Nature of transaction	Six months ended 30 September	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Chun Hung Development Limited	Machinery rental paid	–	136
Ms. Choi Chun Chi Sandy	Office rental paid	–	18
		<u>–</u>	<u>18</u>

Ms. Choi Chun Chi Sandy and Mr. Tang Man On, the directors of the Company, are the beneficial shareholders of Chun Hung Development Limited.

### (b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management personnel during the reporting period were as follows:

	Six months ended 30 September	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Short-term benefits	2,472	2,125
Post-employment benefits	48	45
	<u>2,520</u>	<u>2,170</u>

## 20. SUBSEQUENT EVENTS

The following significant events took place subsequent to 30 September 2016:

- (a) On 17 October 2016, the Company was successfully listed on the Stock Exchange following the completion of its share offer of a total of 212,750,000 shares (including exercise of over-allotment option of 27,750,000 shares on 4 November 2016) issued at a price of HK\$0.70 per share. The Company received net proceeds of approximately HK\$97.0 million (after deducting listing expenses) in respect of the Listing. No adjustments have been made to these financial statements as a result of the Listing.
- (b) On 17 October 2016, the Company issued and allotted a total of 599,990,000 ordinary shares of the Company credited as fully paid at par to Waterfront Palm by way of capitalisation issue by capitalising the sum of HK\$5,999,900 standing to the credit of the share premium account of the Company, pursuant to the resolutions of the sole shareholder of the Company passed on 20 September 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

During the six months ended 30 September 2016, the Group was engaged in site formation works in Hong Kong as a subcontractor. Since the listing of the Company on 17 October 2016 (the “Listing”), there has been no significant change in the business operations of the Group.

During the six months ended 30 September 2016, the Group achieved an outstanding performance with an increase of approximately 168.5% in the Group’s revenue of approximately HK\$172.1 million (2015: HK\$64.1 million) from the provision of site formation works. The encouraging financial result was attributable to a few major projects such as (i) site formation, foundation, excavation and lateral support (“ELS”) and pile cap works for a railway extension project in Tuen Mun District, (ii) site formation, foundation, road and drainage works for a residential development project in Shatin District, (iii) tunnel excavation works by drill and break for a link road relating to Hong Kong-Zhuhai-Macao Bridge in Islands District and (iv) site formation and geotechnical works for a residential and kindergarten development project in Tuen Mun District undertaken by the Group during the Period.

As at 30 September 2016, there were 7 projects on hand with total contract sum amounting to HK\$424.6 million. All the projects are expected to be completed in the year ending 31 March 2017 and none of them is expected to have any material interruption. Going forward, we will continue to focus on developing our business of undertaking site formation works in Hong Kong. The Directors consider that the Group is well-positioned to take on new site formation projects and believe that the Government’s long term planning for infrastructure and the increasing Government support for rock caverns development projects would favour the growth of the Group and the demand of its services. Below set out a list of projects completed during the Period and those which are still in progress as at 30 September 2016:

<b>Site Location</b>	<b>Type of Works</b>	<b>Status</b>
Central and Western District	Site formation, ELS and pile cap works for a commercial development project	Completed
Islands District	Steel fabrication works	Completed
Tai Po District	Site formation works for a residential development project	Completed
Islands District	Installation of steel working platform	Completed
Islands District	Steel fabrication works	Completed
Islands District	Road works for a link road relating to Hong Kong-Zhuhai-Macao Bridge	Completed

<b>Site Location</b>	<b>Type of Works</b>	<b>Status</b>
Yau Tsim Mong District	Excavation and pile cap works for a residential and commercial development project	Completed
Islands District	Drainage works	Completed
Islands District	Tunnel excavation works by drill and break for a link road relating to Hong Kong-Zhuhai-Macao Bridge	Work in progress
Shatin District	Site formation, foundation, road and drainage works for a residential development project	Work in progress
Kowloon City District	Site formation, foundation, ELS and pile cap works for a railway extension project	Work in progress
Islands District	Site formation, road and drainage works for a hotel project of a major theme park in Hong Kong	Work in progress
Tuen Mun District	Excavation and underground drainage works for a construction project of Government complex	Work in progress
Yau Tsim Mong District	ELS and pile cap construction works for a hotel project	Work in progress
Tuen Mun District	Site formation and geotechnical works for a residential and kindergarten development project	Work in progress

## **Financial Review**

During the six months ended 30 September 2016, there were 18 projects contributing revenue of approximately HK\$172.1 million, whereas revenue for the corresponding period of 2015 of HK\$64.1 million was contributed by 8 projects. Four projects together having a contract sum of approximately HK\$388.4 million contributed 79.8% of revenue for the Period, resulting in an increase of revenue dramatically compared with corresponding period of 2015. Final payment of three of the projects completed in prior years were certified during the period of 2016, with additional work done agreed and granted to the Group, which contributed additional revenue and gross profit to the Group.

The Group's total gross profit increased by approximately HK\$15.0 million, or 94.2%, from approximately HK\$16.0 million for the six months ended 30 September 2015 to approximately HK\$31.0 million for the six months ended 30 September 2016. Such increase was in line with the growth of revenue. The decrease of gross profit margin from approximately 24.9% for the six months ended 30 September 2015 to approximately 18.0% for the six months ended 30 September 2016 was mainly due to commencement of several projects with lower project margin during the period of 2016.

The administrative expenses of the Group for the Period amounted to approximately HK\$13.6 million, representing an increase of approximately 506.4% compared with approximately HK\$2.2 million for the corresponding period of 2015. Such increase is mainly due to the non-recurring listing expenses incurred, increase in staff costs and donation during the Period. Listing expenses borne by the Company amounted to HK\$20.4 million, of which HK\$8.8 million were charged to the profit or loss of the Group during the Period. Profit after tax increased by HK\$1.3 million to approximately HK\$12.8 million compared to approximately HK\$11.5 million for the corresponding period of 2015. Excluding the aforementioned non-recurring listing expenses, the Group's profit after tax would have been approximately HK\$21.6 million for the six months ended 30 September 2016.

### **Liquidity, Financial Resources and Capital Structure**

The Group has funded the liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, cash inflows from operating activities and proceeds received from the Listing.

As at 30 September 2016, the Group had bank balances of approximately HK\$34.7 million (31 March 2016: approximately HK\$52.2 million). The decrease is mainly due to payment of interim dividend of HK\$19,000,000 by C&H to its then shareholders. The interest-bearing debts of the Group as at 30 September 2016 was approximately HK\$7.3 million (31 March 2016: approximately HK\$7.2 million). The gearing ratio is calculated based on the amount of total interest-bearing debts divided by total equity. The gearing ratio of the Group as at 30 September 2016 was approximately 18.6% (31 March 2016: approximately 15.9%), as a result of the decreased equity following the payment of dividend.

### **Pledge of Assets**

The Group's plant and machinery with an aggregate net book value of approximately HK\$6.5 million and HK\$6.8 million and motor vehicles with an aggregate net book value of approximately HK\$0.8 million and HK\$1.8 million as at 30 September 2016 and 31 March 2016, respectively, were pledged under finance leases.

### **Foreign Exchange Risk**

The Group mainly operates in Hong Kong and most of the operating transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the Directors are of the view that the Group's risk in foreign exchange is insignificant and that we should have sufficient resources to meet foreign exchange requirements as and if they arise. Therefore, the Group has not engaged in any derivative contracts to hedge its exposure to foreign exchange risk during the Period.

## Employees and Remuneration Policy

As at 30 September 2016, the Group employed 98 staff. Total staff costs including directors' emoluments for the Period, amounted to approximately HK\$14.0 million (2015: approximately HK\$13.3 million). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

During the six months ended 30 September 2016, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

## Capital Commitments

The Group had no capital commitments as at 30 September 2016.

## Contingent Liabilities

As at 30 September 2016, the Group did not have any significant contingent liabilities.

## Use of Proceeds from Initial Public Offering

The net proceeds of the share offer received by the Company in relation to the Listing were approximately HK\$97.0 million, after deduction of underwriting fees and commissions and expenses. These proceeds are intended to be applied in accordance with the proposed application set out in the paragraph headed "Future plans and use of proceeds" in the Prospectus of the Company. The below table sets out the proposed applications of the net proceeds and usage up to the date of this announcement:

	<b>Planned use of proceeds</b> <i>HK\$'000</i>	<b>Actual usage up to the date of this announcement</b> <i>HK\$'000</i>
Purchase of machinery and equipment	57,731	4,424
Expansion of workforce	18,102	224
Taking out surety bond	12,231	1,273
General working capital	8,929	—
	<u>96,993</u>	<u>5,921</u>

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **Purchase, sale or redemption of the Company's listed securities**

Save as the issue of 27,750,000 shares on 7 November 2016 pursuant to exercise of the over-allotment option by China Prospect Securities Limited, no purchase, sale or redemption of the Company's listed securities was made from the Listing Date and up to the date of this announcement.

### **Interim dividend**

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2016.

### **Compliance with the corporate governance code**

The Group is committed to uphold high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial to the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of the shareholders of the Company.

The Company had complied with all applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules from the Listing Date and up to the date of this announcement.

### **Compliance with the Model Code**

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code"). In response to a specific enquiry by the Company, all Directors have confirmed that they complied with the requirements of the Model Code since the Listing Date and up to the date of this announcement.

### **Audit Committee**

The Company has established an audit committee (the "Audit Committee") (in accordance with the requirements of the Listing Rules with terms of reference aligned with the provision of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee is to serve as a focal point for communication between other directors, the external auditors, and the management as their duties relate to financial and other reporting, internal controls and the audits; and to assist the Board in fulfilling its responsibilities by providing an independent review of financial reporting, be satisfying themselves as to the effectiveness of the Company's internal controls and as to the efficiency of the audits. The Audit Committee comprises three independent non-executive directors, namely Mr. Tang Chi Wai (chairman), Mr. Cheung Wai Lun Jacky and Mr. Lee Chi Ming.

## **Review of interim results**

The Group's unaudited condensed consolidated interim results and financial report for the Period have been reviewed and approved by the Audit Committee.

By order of the Board of  
**CHerish Holdings Limited**  
**Tang Man On**  
*Chairman and Executive Director*

Hong Kong, 24 November 2016

*As at the date of this announcement, the Board comprises Mr. Tang Man On (Chairman), Mr. Kwok Hoi Chiu and Ms. Choi Chun Chi Sandy as executive Directors, and Mr. Cheung Wai Lun Jacky, Mr. Lee Chi Ming and Mr. Tang Chi Wai as independent non-executive Directors.*