



CHerish Holdings Limited

東盈控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 2113

INTERIM REPORT 2017

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Tang Man On (*Chairman*)
Mr. Kwok Hoi Chiu
Ms. Choi Chun Chi Sandy
Ms. Wong Chi Yan (*appointed on 13 October 2017*)

Independent Non-executive Directors

Mr. Cheung Wai Lun Jacky
Mr. Lee Chi Ming
Mr. Tang Chi Wai

Audit Committee

Mr. Tang Chi Wai (*Chairman*)
Mr. Cheung Wai Lun Jacky
Mr. Lee Chi Ming

Nomination Committee

Mr. Lee Chi Ming (*Chairman*)
Mr. Cheung Wai Lun Jacky
Mr. Tang Chi Wai

Remuneration Committee

Mr. Cheung Wai Lun Jacky (*Chairman*)
Mr. Lee Chi Ming
Mr. Tang Chi Wai

Company Secretary

Ms. Lee Ka Man

Authorised Representatives

Mr. Tang Man On
Mr. Kwok Hoi Chiu

Headquarter and Principal Place of Business in Hong Kong

Office D, 16/F
Kings Wing Plaza 1
No. 3 On Kwan Street
Shek Mun
New Territories
Hong Kong

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22
Hopewell Centre
183 Queen's Road East
Hong Kong

Compliance Adviser

Dakin Capital Limited
Room 2701
Admiralty Centre, Tower 1
18 Harcourt Road
Admiralty
Hong Kong

Principal Banks

Shanghai Commercial Bank Ltd.
The Hongkong and Shanghai Banking Corporation Limited

Auditor

SHINEWING (HK) CPA Limited
43rd Floor, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

Legal adviser as to Hong Kong Law

D.S. Cheung & Co.
29/F., Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai, Hong Kong

Company's Website

www.cherishholdings.com

Stock Code

2113

FINANCIAL HIGHLIGHTS

- Revenue of CHerish Holdings Limited and its subsidiaries (the “Company”, together with its subsidiaries, collectively referred to as the “Group”) for the six months ended 30 September 2017 amounted to approximately HK\$91.1 million (for the six months ended 30 September 2016: approximately HK\$172.1 million).
- Profit attributable to owners of the Company for the six months ended 30 September 2017 amounted to approximately HK\$7.9 million (for the six months ended 30 September 2016: approximately HK\$12.8 million).
- Basic and diluted earnings per share for the six months ended 30 September 2017 amounted to approximately HK cents 1.03 (for the six months ended 30 September 2016: approximately HK cents 2.14).
- The Board does not declare any interim dividend for the six months ended 30 September 2017 (for the six months ended 30 September 2016: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the six months ended 30 September 2017, the Group was engaged to undertake site formation works in Hong Kong as a subcontractor. There has been no significant change in the business operations of the Group.

During the six months ended 30 September 2017, revenue amounted to approximately HK\$91.1 million, approximately HK\$81.0 million less than the corresponding period in 2016. Such decrease was mainly attributable to:

- a) keen competition in the industry resulting number of new awarded projects are less than that of completed projects. Especially, completion of various projects for the year ended 31 March 2017 led to decrease in number of projects contributing revenue to the Group for the six months ended 30 September 2017 as compared to that of the corresponding period in 2016;
- b) the project cycle of various projects undertaken by the Group for the six months ended 30 September 2017. In particular, the Group is currently focusing on undertaking one of its largest project in Kwun Tong District, which is still at a preliminary stage of the construction cycle and contributed only approximately HK\$18.1 million for the six months ended 30 September 2017. The total contract sum of the project in Kwun Tong District amounts to approximately HK\$305.1 million and the contract period runs for 26 months; and
- c) decrease in revenue from a tunnel excavation project which had carried out a substantial portion of work in 2016 and contributed approximately HK\$27.6 million for the six months ended 30 September 2016.

During the six months ended 30 September 2017, the Group had been awarded one new contract with total contract sum of approximately HK\$305.1 million. As at 30 September 2017, there were four projects on hand with the total contract sum amounting to HK\$463.6 million. Except for two projects which are expected to be completed in the year ending 31 March 2019 and 31 March 2020 respectively, the remaining are expected to be completed in the year ending 31 March 2018. Below set out a list of projects completed during the period and those which are still in progress as at 30 September 2017:

Site Location	Type of Works	Status
Islands District	Tunnel excavation works by drill and break for a link road relating to Hong Kong-Zhuhai-Macao Bridge	Completed
Islands District	Demolish works	Completed
Tuen Mun District	Site formation and geotechnical works for a residential and kindergarten development project	Work in progress
Islands District	Roadworks, drainage and duck works	Work in progress
Shatin District	Site formation, slop work, road and drainage works	Work in progress
Kwun Tong District	Site formation works	Work in progress

Financial Review

The Group recorded revenue of approximately HK\$91.1 million for the period, representing a decrease of approximately 47.1% compared with approximately HK\$172.1 million for the corresponding period in 2016. The decrease was mainly due to keen competition in the industry and the project cycle of various projects undertaken by the Group. During the six months ended 30 September 2017, there were 7 projects contributing revenue of approximately HK\$91.1 million, whereas revenue for the corresponding period of 2016 of HK\$172.1 million was contributed by 18 projects. Final payment of one of the projects completed in last year was certified during the period of 2017, with additional workdone agreed and granted to the Group amounted to approximately HK\$1.3 million.

The Group's total gross profit decreased by approximately HK\$15.9 million, or 51.3%, from approximately HK\$31.0 million for the six months ended 30 September 2016 to approximately HK\$15.1 million for the six months ended 30 September 2017. Such decrease was in line with the decline of revenue. The decrease of gross profit margin from approximately 18.0% for the six months ended 30 September 2016 to approximately 16.6% for the six months ended 30 September 2017 was mainly due to change in project mix of the Group. Higher percentage of revenue were contributed from lower profit margin projects whereas projects with higher profit margin were either at a preliminary or completion stage of the construction cycle and contributed limited revenue to the Group.

The administrative expenses of the Group for the period amounted to approximately HK\$6.0 million, representing a decrease of approximately 55.9% compared with approximately HK\$13.6 million for the corresponding period in 2016. Such decrease was mainly due to the absence of the non-recurring listing expenses amounted to approximately HK\$8.8 million during the period when compared to the same period in 2016.

Finance costs for the Group during the period amounted to approximately HK\$176,000, representing an increase of approximately 16.6% compared with approximately HK\$151,000 for the corresponding period in 2016, as a result of additional finance lease during the period.

Profit and total comprehensive income for the period amounted to approximately HK\$7.9 million, representing a decrease of approximately 38.8% compared with approximately HK\$12.9 million for the corresponding period in 2016. Such decrease was primarily attributable to the net effect of the decrease in revenue, gross profit and administrative expenses as discussed above.

Prospects

Despite the vigorous competition in Hong Kong construction industry, 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 for its services.

Following the approval of the pending public works by the Finance Committee under the Legislative Council of the HKSAR recently, the Group anticipates more site formation projects will be launched and the growth of the construction industry in Hong Kong remains positive.

The Group will continue to exercise due care in the pursuance of its existing core business and furtherance of its development plans so as to balance the risks and opportunities in the construction industry in Hong Kong.

Liquidity, Financial and Capital Resources

As at 30 September 2017, the Group had bank balances of approximately HK\$94.9 million (31 March 2017: approximately HK\$98.2 million). The decrease was mainly due to cash outflow from purchase of plant and equipment. The interest-bearing debts of the Group as at 30 September 2017 amounted to approximately HK\$11.9 million (31 March 2017: approximately HK\$10.3 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 2017 was approximately 7.3% (31 March 2017: approximately 6.6%). As a result of additional finance lease during the period, the Group's gearing ratio increased. The Group did not carry any hedging for its floating borrowings.

Pledge of Assets

The Group's plant and machinery with an aggregate net book value of approximately HK\$10.9 million and HK\$5.4 million and motor vehicles with an aggregate net book value of approximately HK\$2.2 million and HK\$2.9 million as at 30 September 2017 and 31 March 2017 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 if and when 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 2017, the Group employed 189 staff (31 March 2017: 114 staff). Total staff costs including directors' emoluments for the period, amounted to approximately HK\$20.3 million (for the six months ended 30 September 2016: approximately HK\$14.0 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 2017, 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 Structure

During the six months ended 30 September 2017, there has been no change in capital structure of the Company. The capital of the Company comprises ordinary shares and capital reserves. The Group finances its working capital requirements primarily through a combination of funds generated from operations and proceeds received from the Listing of the Company on 17 October 2016.

Capital Commitments

As at 30 September 2017, the Group did not have any capital commitments (31 March 2017: Nil).

Contingent Liabilities

As at 30 September 2017, the Group did not have any significant contingent liabilities (31 March 2017: Nil).

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 dated 30 September 2016. The below table sets out the proposed applications of the net proceeds and usage up to the date of this report:

	Planned use of proceeds HK\$'000	Actual usage up to the date of this report HK\$'000
Purchase of machinery and equipment	57,731	49,335
Expansion of workforce	18,102	13,661
Taking out surety bond	12,231	7,628
General working capital	8,929	2,448
	<hr/>	<hr/>
	96,993	73,072

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

	Notes	Six months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	4	91,127	172,055
Cost of sales		(76,003)	(141,074)
Gross profit		15,124	30,981
Other income	5	691	138
Administrative expenses		(5,990)	(13,614)
Finance costs	6	(176)	(151)
Profit before taxation		9,649	17,354
Income tax expense	7	(1,751)	(4,515)
Profit and total comprehensive income for the period	8	7,898	12,839
Earnings per share (HK cents)			
– Basic and diluted	9	1.03	2.14

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2017**

	Notes	As at 30 September 2017 HK'000 (Unaudited)	As at 31 March 2017 HK'000 (Audited)
Non-current assets			
Plant and equipment	11	56,253	29,958
Deferred tax assets		1,526	–
Deposits paid for purchase of plant and equipment		–	1,177
		57,779	31,135
Current assets			
Amounts due from customers for contract work	12	54,508	43,184
Trade and other receivables	13	26,097	24,346
Restricted bank balances		7,627	2,571
Bank balances and cash		94,868	98,165
		183,100	168,266
Current liabilities			
Amounts due to customers for contract work	12	9,935	2,583
Trade and other payables	14	48,122	25,516
Obligations under finance leases			
– due within one year	15	6,335	5,170
Tax payable		748	2,061
		65,140	35,330
Net current assets		117,960	132,936
Total assets less current liabilities		175,739	164,071
Non-current liabilities			
Obligations under finance leases			
– due after one year	15	5,594	5,101
Deferred tax liabilities		6,229	2,952
		11,823	8,053
Net assets		163,916	156,018
Capital and reserves			
Share capital	16	7,678	7,678
Reserves		156,238	148,340
Total equity		163,916	156,018

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

	Share capital	Share premium	Merger reserve (note)	Retained profits	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2016 (audited)	–	–	–	45,202	45,202
Profit and total comprehensive income for the period	–	–	–	12,839	12,839
Dividend recognised as distribution (note 10)	–	–	–	(19,000)	(19,000)
Issuance of new shares (note 16(c))	–*	–*	–	–	–
At 30 September 2016 (unaudited)	–	–	–	39,041	39,041
At 1 April 2017 (audited)	7,678	102,392	–	45,948	156,018
Profit and total comprehensive income for the period	–	–	–	7,898	7,898
At 30 September 2017 (unaudited)	7,678	102,392	–	53,846	163,916

Note:

Merger reserve represents the difference between the nominal value of the issued capital of subsidiaries acquired pursuant to a group reorganisation over the consideration paid for acquiring these subsidiaries.

* Represent the amount less than HK\$1,000.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

	Six months ended 30 September	
	2017	2016
	HK'000	HK'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Cash from operations	29,176	7,514
Income tax paid	(1,313)	(1,738)
NET CASH FROM OPERATING ACTIVITIES	27,863	5,776
INVESTING ACTIVITIES		
Purchase of plant and equipment	(30,021)	(2,208)
Proceeds from disposals of plant and equipment	2,500	–
Repayment from directors	–	93
Interest received	95	2
NET CASH USED IN INVESTING ACTIVITIES	(27,426)	(2,113)
FINANCING ACTIVITIES		
Dividend paid	–	(19,000)
Repayment of obligations under finance leases	(3,558)	(1,816)
Interest paid	(176)	(151)
Repayment of unsecured bank borrowings	–	(248)
NET CASH USED IN FINANCING ACTIVITIES	(3,734)	(21,215)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,297)	(17,552)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	98,165	52,220
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, REPRESENTED BY BANK BALANCES AND CASH	94,868	34,668

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL AND BASIS OF PREPARATION

The Company was incorporated and registered as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 31 March 2016 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 October 2016. Its ultimate holding company and immediate holding company is also Waterfront Palm Limited ("Waterfront Palm"), a company incorporated in the British Virgin Islands (the "BVI") which is ultimately owned by Ms. Choi Chun Chi, Sandy ("Ms. Choi"), Mr. Tang Man On and Mr. Kwok Hoi Chiu.

The address of the registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and the address of the principal place of business of the Company is located at Office D, 16/F., Kings Wing Plaza 1, No. 3 On Kwan Street, Shek Mun, N.T., 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 condensed consolidated financial information is presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 September 2017 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 (the "HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared on the historical cost basis.

The condensed consolidated financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2017.

The accounting policies and methods of computation used in the condensed consolidated financial information for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2017, except as described below.

Application of new and revised Hong Kong Financial Reporting Standards ("HKFRS")

In the current interim period, the Group has applied, for the first time, the following amendments ("new and revised HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 April 2017.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Except as described below, the application of the new and revised HKFRSs in the current interim period has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial information.

Amendments to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of amendments to HKAS 7 results in additional disclosures on the Group's financing activities, especially reconciliation between the opening and closing balances for liabilities arising from financing activities. The Group will disclose additional information in its annual consolidated financial statements for the year ending 31 March 2018. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on the construction and site formation services rendered for both 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	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	95	1
Gain on disposals of plant and equipment	347	–
Refund of contributions from the Mandatory Provident Fund Scheme	194	69
Others	55	68
	691	138

6. FINANCE COSTS

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
– unsecured bank overdrafts and unsecured bank borrowings	10	6
– obligations under finance leases	166	145
	176	151

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current period taxation		
Hong Kong Profits Tax	–	4,374
Deferred taxation	1,751	141
	1,751	4,515

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

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

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived after charging:

	Six months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Staff costs, including directors' emoluments		
– Salaries, wages, allowances and other benefits	19,504	13,537
– Contributions to retirement benefits scheme	785	471
Depreciation of plant and equipment	7,966	4,872
Minimum lease payments paid under operating lease in respect of office premises	192	144
Listing expenses	–	8,783

9. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2017	2016
	(Unaudited)	(Unaudited)
Profit for the period attributable to the owners of the Company (HK\$'000)	7,898	12,839
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands) (note)	767,700	600,000
Basic earnings per share (HK cents)	1.03	2.14

Note:

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 September 2016 have been retrospectively adjusted for the effects of capitalisation of the ordinary shares of the Company as if took place as of 1 April 2016 pursuant to the reorganisation for the preparation for the Company's listing.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the periods.

10. DIVIDENDS

No dividend was paid or proposed by the Company during the respective periods, nor any dividend of the Company has been declared since 30 September 2017.

During the six months ended 30 September 2016, an interim dividend of HK\$19,000,000 (HK\$1,900,000 per share) was paid by C&H to its then shareholders.

11. PLANT AND EQUIPMENT

	Plant and equipment HK\$'000
Six months ended 30 September 2017	
Carrying values	
Opening amount as at 1 April 2017 (audited)	29,958
Addition	35,237
Transferred from deposits paid for purchase of plant and equipment	1,177
Depreciation	(7,966)
Disposals	(2,153)
	<hr/>
Closing amount as at 30 September 2017 (unaudited)	56,253
Six months ended 30 September 2016	
Carrying values	
Opening amount as at 1 April 2016 (audited)	21,910
Addition	4,346
Depreciation	(4,872)
	<hr/>
Closing amount as at 30 September 2016 (unaudited)	21,384

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

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Contracts in progress at the end of each reporting period:		
Contract costs incurred plus recognised profits	591,780	614,890
less recognised losses	(547,207)	(574,289)
Less: progress billings	<hr/>	<hr/>
	44,573	40,601
	<hr/>	<hr/>
Analysed for reporting purposes as:		
Amounts due from customers for contract work	54,508	43,184
Amounts due to customers for contract work	(9,935)	(2,583)
	<hr/>	<hr/>
	44,573	40,601
	<hr/>	<hr/>

13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Trade receivables	5,123	8,002
Retention receivables (note)	18,558	14,793
Prepayments, deposits and other receivables	2,416	1,551
	26,097	24,346

Note:

Retention receivables are included in current assets as the Group expects to realise these within its normal operating cycle.

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. The following is an ageing analysis of the trade receivables, presented based on the date of the certified report which approximates revenue recognition date and invoice date at the end of each reporting period:

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
0 to 30 days	4,391	5,042
31 to 60 days	-	2,950
61 to 120 days	732	10
	5,123	8,002

Trade receivables of approximately HK\$4,391,000 and HK\$7,992,000 as at 30 September 2017 and 31 March 2017 were not yet past due and approximately HK\$732,000 and HK\$10,000 as at 30 September 2017 and 31 March 2017 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 payment, therefore the amounts are considered to be recoverable.

The Group does not hold any collateral over these balances.

14. TRADE AND OTHER PAYABLES

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Trade payables	35,604	14,061
Retention payables	7,436	6,912
Accrued expenses and other payables	5,082	4,543
	48,122	25,516

Trade payables represented payables to suppliers and subcontractors. The credit terms granted by subcontractors were stipulated in the relevant contracts and the payables were usually due for settlement within 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
0 to 30 days	11,836	8,174
31 to 60 days	15,801	1,311
61 to 90 days	1,685	773
91 to 365 days	6,282	3,803
	35,604	14,061

15. OBLIGATIONS UNDER FINANCE LEASES

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Analysed for reporting purposes as:		
Current liabilities	6,335	5,170
Non-current liabilities	5,594	5,101
	11,929	10,271

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 2.0% to 4.5% per annum or at fixed rates from 3.2% to 4.5% per annum during the reporting period.

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets and the corporate guarantee given by the Company as at 31 March 2017 and 30 September 2017.

16. SHARE CAPITAL

	Notes	Number of ordinary shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
On 31 March 2016 (date of incorporation)	a	38,000,000	380
Increase in authorised share capital	b	1,962,000,000	19,620
As at 31 March 2017 and 30 September 2017		2,000,000,000	20,000
Issued and fully paid:			
On 31 March 2016 (date of incorporation)	a	1	–
Issued as consideration for the acquisition of the issued share capital of Honestly Luck Limited	c	9,999	–
Capitalisation issue of shares	e	599,990,000	6,000
Issue of new shares in connection with the listing of shares of the Company	d	167,750,000	1,678
As at 31 March 2017 and 30 September 2017		767,750,000	7,678

Notes:

- (a) Upon incorporation, the authorised share capital of the Company was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each, of which one nil-paid share was allotted and issued to the subscriber, which was then transferred to Waterfront Palm on the same date.
- (b) On 20 September 2016, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 new shares of HK\$0.01 each.
- (c) On 20 September 2016, the directors of the Company were authorised to allot and issue, credited as fully paid, a total of 9,999 ordinary shares of HK\$0.01 each as consideration for the acquisition of the entire share capital of Honestly Luck Limited, which was acquired to hold all the shares of Waterfront Palm under the reorganisation.
- (d) On 17 October 2016, the Company issued a total of 140,000,000 ordinary shares HK\$0.01 each at a price of HK\$0.7 per share as a result of the completion of the placing. Of the total gross proceeds amounting to HK\$98,000,000, HK\$1,400,000 representing the par value credit to the Company's share capital and HK\$96,600,000, before the share issue expenses, credit to the share premium account. The Company's total number of issued shares was increased to 740,000,000 shares upon completion of the share offer.

On 7 November 2016, the Company exercised the over-allotment option and issued a total of 27,750,000 ordinary shares HK\$0.01 each at a price of HK\$0.7 per share. Of the total gross proceeds amounting to HK\$19,425,000, HK\$278,000 representing the par value credit to the Company's share capital and HK\$19,147,000 credit to the share premium account. The Company's total number of issued shares was increased to 767,750,000 shares upon completion of exercising the over-allotment option.
- (e) Pursuant to the written resolution passed on 17 October 2016 by the then shareholders of the Company, it was approved to issue 599,990,000 ordinary shares of HK\$0.01 each to the then shareholders by way of capitalisation of the sum of HK\$5,999,900 standing to the credit of the share premium account of the Company following the placing of 140,000,000 ordinary shares of the Company.
- (f) All shares issued pari passu with the existing shares in all respects.

17. OPERATING LEASE COMMITMENTS

Group as lessee

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:

	As at 30 September 2017 HK\$'000 (Unaudited)	As at 31 March 2017 HK\$'000 (Audited)
Within one year	210	48

Operating lease payments represent rental payable by the Group for its office premise. Leases are negotiated and rentals are fixed for a term ranging within 1 year.

18. RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into transaction with related party as follows:

Related party	Nature of transaction	Six months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Ms. Choi	Office rental paid	120	–

(b) **Compensation of key management personnel**

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

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Short-term employee benefits	3,115	2,472
Post-employment benefits	45	48
	3,160	2,520

CORPORATE GOVERNANCE AND OTHER INFORMATION

Significant investment, acquisitions and disposals

During the period, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies.

Future plans for material investments or capital assets

The Company does not have any other plans for material investments or capital assets.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2017.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules for the period.

Competing interests

The Directors confirm that none of the controlling shareholders of the Company or the Directors and their respective close associates (as defined in the Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business.

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 30 September 2017, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), notified to the Company and the Stock Exchange were as follows:

Interests in Share of the Company

Name of Director	Capacity/Nature	Number of Shares held/interest	Percentage of interest
Tang Man On (Notes 2, 3 and 4)	Interest of controlled corporation	397,865,000 (L) (Note 1)	51.82%
Choi Chun Chi Sandy (Notes 2, 3 and 4)	Interest of controlled corporation	397,865,000 (L) (Note 1)	51.82%

Notes:

1. The letter "L" demonstrates long position in such securities.
2. Waterfront Palm Limited is beneficially owned as to 50% by Ms. Choi Chun Chi Sandy, as to 40% by Mr. Tang Man On and as to 10% by Mr. Kwok Hoi Chiu.
3. Mr. Tang Man On beneficially owns 40% of the issued shares of Waterfront Palm Limited. Ms. Choi Chun Chi Sandy is the spouse of Mr. Tang Man On. Therefore, Mr. Tang is deemed, or taken to be, interested in 397,865,000 Shares held by Waterfront Palm Limited for the purpose of the SFO.
4. Ms. Choi Chun Chi Sandy beneficially owns 50% of the issued shares of Waterfront Palm Limited. Mr. Tang Man On is the spouse of Ms. Choi Chun Chi Sandy. Therefore, Ms. Choi Chun Chi Sandy is deemed, or taken to be, interested in 397,865,000 Shares held by Waterfront Palm Limited for the purpose of the SFO.

Interests on associated corporations

Name of Director	Name of associated corporation	Number of Shares held/interest	Percentage of interest
Tang Man On	Waterfront Palm Limited	4	40%
Choi Chun Chi Sandy	Waterfront Palm Limited	5	50%
Kwok Hoi Chiu	Waterfront Palm Limited	1	10%

Rights to purchase shares or debentures of directors and chief executive

Save for the existing share option scheme of the Company, no arrangements to which the Company, its subsidiary, its holding company or a subsidiary of its holding company is or was a party to enable the Directors and the chief executive of the Company to acquire benefits by means of acquisitions of shares in or debentures of the Company or any other body corporate subsisted at the end of the period or at any time during the period.

Substantial shareholders' interests and short positions in Shares and underlying Shares

As at 30 September 2017, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in Shares or underlying Shares which fell to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity/Nature	Number of Shares held/interest	Percentage of interest
Waterfront Palm Limited	Beneficial owner	397,865,000 (L) (Note 1)	51.82%
Li Lin	Beneficial owner	60,000,000 (L) (Note 1)	7.82%
Sin Yuk Hung	Beneficial owner	60,000,000 (L) (Note 1)	7.82%
Wealth China International Limited	Beneficial owner	60,000,000 (L) (Notes 1 and 2)	7.82%

Notes:

1. The letter "L" demonstrates long position in such securities.
2. Wealth China International Limited is beneficially owned as to 100% by Sin Yuk Hung and Li Lin as joint shareholders.

Share option scheme

The Company adopted a share option scheme (the "Share Option Scheme") on 20 September 2016.

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors believe the Share Option Scheme will enable the Group to reward our employees, the Directors and other selected participants for their contributions to the Group.

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares:

- (i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group; and
- (ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

The eligibility of any of the above class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to the participant's contribution to the development and growth of the Group.

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 30% of the issued share capital of the Company from time to time. The total 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 scheme of the Group shall not in aggregate exceed 10% of the aggregate of the shares in issue on the day on which trading of the Shares commence on the Stock Exchange, such 10% limit represents 74,000,000 Shares, representing 9.64% of the issued Shares as at the date of this report.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholders, independent nonexecutive directors, or any of their respective associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made, upon payment of HK\$1 per option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The exercise price is determined by the directors of the Company, and will be at least the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted until 19 September 2026.

No share option of the Company was granted since the adoption of the Share Option Scheme.

Interim dividend

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2017 (for the six months ended 30 September 2016: nil).

Compliance with the corporate governance code

The Group recognise the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders, and the Board is fully committed to doing so. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, achieve high standard of accountability and protect stakeholders' interests.

The Group has adopted a corporate governance statement of policy which provides guidance on the application of the corporate governance principles on the Group, with reference to the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules.

In the opinion of the Directors, the Company has complied with all code provisions as set out in the CG Code during the period and, where appropriate, the applicable recommended best practices of the CG Code.

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 during the period.

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 CG 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, risk management 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 risk management and internal controls systems 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.

Changes of director's information under Rule 13.51B(1) of the Listing Rules

Pursuant to Rule 13.51B(1) of the Listing Rules, change of directors' information of the Company since the date of the 2017 annual report is as follows:

Mr. Tang Chi Wai was appointed on 11 September 2017 as an independent non-executive director, the Chairman of Audit Committee and member of Remuneration Committee of Noble Engineering Group Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8445).

Mr. Cheung Wai Lun Jacky was appointed on 19 September 2017 as an independent non-executive director, the members of Audit Committee, Remuneration Committee and Nomination Committee of Geotech Holdings Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 1707).

Change of Composition of the Board

Ms. Wong Chi Yan has been appointed as an executive director of the Company with effect from 13 October 2017.

Review of interim results

The Group's unaudited condensed consolidated interim results and financial report for the period and this report 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, 23 November 2017

In the event of any inconsistency, the English text of this report shall prevail over the Chinese text.