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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

The board (the “**Board**”) of directors (the “**Directors**”) of CHerish Holdings Limited (the “**Company**”) hereby announces the audited consolidated financial results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2018 (the “**Reporting Period**”) together with the comparative figures for the year ended 31 March 2017.

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 March 2018 amounted to approximately HK\$192.3 million (for the year ended 31 March 2017: approximately HK\$266.2 million).
- Gross profit for the year ended 31 March 2018 amounted to approximately HK\$23.4 million (for the year ended 31 March 2017: approximately HK\$49.8 million).
- Profit and total comprehensive income for the year ended 31 March 2018 amounted to approximately HK\$8.7 million (for the year ended 31 March 2017: approximately HK\$19.7 million).
- Basic and diluted earnings per share for the year ended 31 March 2018 amounted to approximately HK1.1 cents (for the year ended 31 March 2017: approximately HK 2.9 cents).
- The Board does not recommend the declaration of a dividend for the year ended 31 March 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	4	192,341	266,167
Cost of sales		<u>(168,894)</u>	<u>(216,346)</u>
Gross profit		23,447	49,821
Other income	5	1,062	419
Administrative expenses		(13,252)	(22,739)
Finance costs	6	<u>(326)</u>	<u>(356)</u>
Profit before taxation		10,931	27,145
Income tax expense	7	<u>(2,217)</u>	<u>(7,399)</u>
Profit and total comprehensive income for the year		<u>8,714</u>	<u>19,746</u>
Earnings per share (HK cents)			
– Basic and diluted	9	<u>1.1</u>	<u>2.9</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		51,166	29,958
Deposits paid for purchase of plant and equipment		–	1,177
Restricted bank balances		7,627	–
		<hr/> 58,793	<hr/> 31,135
Current assets			
Amounts due from customers for contract work	<i>10</i>	75,974	43,184
Trade and other receivables	<i>11</i>	37,937	24,346
Tax recoverable		4,334	–
Restricted bank balances		–	2,571
Bank balances and cash		31,089	98,165
		<hr/> 149,334	<hr/> 168,266
Current liabilities			
Amounts due to customers for contract work	<i>10</i>	–	2,583
Trade and other payables	<i>12</i>	29,859	25,516
Obligations under finance leases – due within one year		4,361	5,170
Tax payable		–	2,061
		<hr/> 34,220	<hr/> 35,330
Net current assets		<hr/> 115,114	<hr/> 132,936
Total assets less current liabilities		<hr/> 173,907	<hr/> 164,071
Non-current liabilities			
Obligations under finance leases – due after one year		3,766	5,101
Deferred tax liabilities		5,409	2,952
		<hr/> 9,175	<hr/> 8,053
Net assets		<hr/> 164,732	<hr/> 156,018
Capital and reserves			
Share capital		7,678	7,678
Reserves		157,054	148,340
		<hr/> 164,732	<hr/> 156,018
Total equity		<hr/> 164,732	<hr/> 156,018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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 since 17 October 2016. Its ultimate holding company and immediate holding company is also Waterfront Palm Limited, a company incorporated in the British Virgin Islands (the “BVI”) which is ultimately owned by Ms. Choi Chun Chi Sandy, Mr. Tang Man On and Mr. Kwok Hoi Chiu (the “Controlling Shareholders”).

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 acts as an investment holding company.

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

2. BASIS OF PREPARATION

Pursuant to the reorganisation as detailed in the section headed “History and Development-Reorganisation” in the prospectus of the Company dated 30 September 2016 (the “Reorganisation”), the Company became the holding company of the companies now comprising the Group on 20 September 2016. The Company and its subsidiaries have been under the control and beneficially owned by the Controlling Shareholders throughout the year ended 31 March 2017 or since their respective dates of incorporation or establishment up to 31 March 2017. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout the year ended 31 March 2017 or since their respective dates of incorporation or establishment up to 31 March 2017, using the principles of merger accounting.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS(s)”)

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards (“HKAS(s)”), amendments and Interpretations (“Int(s)”), issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

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 other new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 has resulted in additional disclosures on the Group's financing activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure, the directors of the Company considered that these amendments have had no impact on the Group's consolidated financial statements.

New and revised HKFRSs issued 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 (2014)	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle 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 ⁴
Amendments to HKAS 19	Employee Benefits ²
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 40	Transfer of Investment Property ¹
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments 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 1 January 2021.

⁴ Effective date not yet been determined

4. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on the construction and site formation services rendered for both years.

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") (the directors of the Company) in order to allocate resources to segments and to assess their performance.

The Group's operating activities are attributable to a single operating segment focusing on the provision of construction and site formation services. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that is regularly reviewed by the CODM. The CODM monitors the revenue from provision of construction and site formation services for the purpose of making decisions about resources allocation and performance assessment. The CODM reviews the profit for the year of the Group as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Geographical information

The Group's revenue from external customers by location of the operations is derived solely in Hong Kong (country of domicile). Non-current assets of the Group by location of the assets are all located in Hong Kong. As a result, geographical information has not been presented.

Information about major customers

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Customer A	82,071	69,677
Customer B	62,433	N/A*
Customer C	41,094	N/A*
Customer D	N/A*	75,890
Customer E	N/A*	38,860
	<u> </u>	<u> </u>

* The corresponding revenue does not contribute over 10% of total revenue of the Group.

5. OTHER INCOME

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Bank interest income	301	5
Gain on disposals of plant and equipment	626	26
Refund of contributions from the Mandatory Provident Fund Scheme	80	68
Others	55	320
	<u> </u>	<u> </u>
	<u>1,062</u>	<u>419</u>

6. FINANCE COSTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interest on:		
– unsecured bank overdrafts and unsecured bank borrowings	–	7
– obligations under finance leases	326	349
	<u>326</u>	<u>349</u>
	<u><u>326</u></u>	<u><u>356</u></u>

7. INCOME TAX EXPENSE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current year taxation		
Hong Kong Profits Tax	–	5,997
(Over) underprovision in prior years		
Hong Kong Profits Tax	(240)	713
Deferred taxation	2,457	689
	<u>2,217</u>	<u>7,399</u>
	<u><u>2,217</u></u>	<u><u>7,399</u></u>

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 as there is no income tax imposed in such jurisdiction.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No provision for Hong Kong Profits Tax has been made as there was no assessable profits generated for the year ended 31 March 2018.

8. DIVIDENDS

No dividend was paid or proposed by the Company during the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

During the year ended 31 March 2017, an interim dividend of HK\$19,000,000 (HK\$1,900,000 per share) was paid by a subsidiary, C&H Engineering Company Limited, to its then shareholders, prior to the completion of the Reorganisation.

9. EARNINGS PER SHARE

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Earnings for the purpose of basic earnings per share		
Profit for the year attributable to the owners of the Company	<u>8,714</u>	<u>19,746</u>
	2018	2017
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>note</i>)	<u>767,750</u>	<u>674,695</u>

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2017 was adjusted for the effect of the capitalisation issue as detailed in the section headed “Share Capital” in the prospectus of the Company dated 30 September 2016.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2018 and 2017.

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Contracts in progress at the end of each reporting period:		
Contract costs incurred plus recognised profits less recognised losses	607,968	614,890
Less: progress billings	<u>(531,994)</u>	<u>(574,289)</u>
	<u>75,974</u>	<u>40,601</u>
Analysed for reporting purposes as:		
Amounts due from customers for contract work	75,974	43,184
Amounts due to customers for contract work	<u>–</u>	<u>(2,583)</u>
	<u>75,974</u>	<u>40,601</u>

As at 31 March 2018, retentions held by customers for contract work amounted to approximately HK\$21,774,000 (2017: HK\$14,793,000) as set out in note 11. Retention monies withheld by customers for contract work will be released after the completion of the maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

11. TRADE AND OTHER RECEIVABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	15,435	8,002
Retention receivables (<i>note</i>)	21,774	14,793
Prepayments, deposits and other receivables	728	1,551
	<u>37,937</u>	<u>24,346</u>

Note: The amount is expected to be recovered within one year from the end of the reporting period.

The Group does not hold any collateral over these balances.

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 aged analysis of trade receivables, presented based on the date of the certified report which approximates revenue recognition date and invoice date at the end of the reporting period:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0 to 30 days	14,704	5,042
31 to 60 days	–	2,950
61 to 120 days	–	10
Over 1 year	731	–
	<u>15,435</u>	<u>8,002</u>

Trade receivables that were neither past due nor impaired related to customers that have no recent history of default payment.

Included in the Group's trade receivable balances were debtors with aggregate carrying amount of approximately HK\$731,000 (2017: HK\$10,000) which were past due as at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amount was still considered recoverable.

The aged analysis of trade receivables which were past due but not impaired is set out below:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
61 to 120 days	–	10
Over 1 year	731	–
	<u>731</u>	<u>10</u>

12. TRADE AND OTHER PAYABLES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade payables	16,860	14,061
Retention payables	4,548	6,912
Accrued expenses and other payables	8,451	4,543
	<u>29,859</u>	<u>25,516</u>

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:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
0 to 30 days	8,160	8,174
31 to 60 days	4,699	1,311
61 to 90 days	2,768	773
91 to 365 days	1,233	3,803
	<u>16,860</u>	<u>14,061</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has over 16 years of experience in providing site formation works as a subcontractor in Hong Kong. The site formations works undertaken by the Group generally include (a) general earthworks (including soil and rock excavation, disposal of construction and demolition materials, backfilling and compaction for forming a new site or achieving designed formation level for later development); (b) tunnel excavation works (including rock excavation works for construction of tunnels through drill and break and/or drill and blast methods as well as construction of associated temporary tunnel support structures); (c) foundation works (including excavation and lateral support works (the “ELS”) and associated structural works for construction of pile caps for commercial and residential building projects); and (d) road and drainage works. During the Reporting Period, there has been no significant change in the business operations of the Group.

As at 31 March 2018, there were three projects on hand with total contract sum amounting to approximately HK\$448.8 million. Except for one site formation works project in Kwun Tong which is expected to be completed in the year ending 31 March 2020, the remainings are expected to be completed in the forthcoming financial year. During the Reporting Period, one of the projects in Shatin, which was originally expected to be completed in the year ended 31 March 2018, experienced delay in works progress due to change in design of the project by the main contractor and completion is expected to be postponed to June 2018.

During the Reporting Period, the Group was awarded one site formation project in Kwun Tong with a contract sum of approximately HK\$305.1 million, of which approximately HK\$63.3 million was recognised as revenue during the Reporting Period. As at 31 March 2018, the outstanding contract sum of Kwun Tong project amounted to approximately HK\$241.8 million. Three of the projects awarded in previous years with a total contract sum of approximately HK\$194.7 million were completed during the Reporting Period. As at 31 March 2018, three projects with outstanding contract sum of HK\$273.7 million were in progress.

Below set out a list of projects completed during the Reporting Period and those projects which are still in progress up to date of this announcement:

Site Location	Type of Works	Status as at 31 March 2018	Status up to date of this announcement
Islands District	Tunnel excavation works by drill and break for a link road relating to Hong Kong-Zhuhai-Macao Bridge	Completed	Completed
Islands District	Demolish works	Completed	Completed
Tuen Mun District	Site formation and geotechnical works for a residential and kindergarten development project	Completed	Completed
Shatin District	Site formation, slope work, road and drainage works	Work in progress	Completed
Islands District	Roadworks, drainage and duct works	Work in progress	Work in progress
Kwun Tong District	Site formation works	Work in progress	Work in progress

PROSPECTS

The wanton filibustering in the legislative council has led to prolonged delay on funding approval for new public work projects in the last two years, which has driven more competition in the market and reduced projects available in the market. As such, the market has become highly competitive and the increase in the number of competitors leading to the dilution in the profit margin of projects.

In the 2018-19 Budget of HKSAR Government announced on 28 February 2018, HK\$20.0 billion for the development of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop and HK\$10 billion for the Hong Kong Science and Technology Parks Corporation for construction of research infrastructure and facilities are set aside. Furthermore, the Government will invest HK\$28.1 billion in infrastructure projects planned for commencement in the year 2018-19. Compared with year 2017-18, there was a slowdown in growth of government works with the launch of fewer large-scale infrastructure projects. Therefore, the prospect for construction industry in Hong Kong is expected to continue to be very challenging in the second half of 2018.

Nevertheless, the Group will continue to focus on developing business of undertaking site formation works in Hong Kong due to its long-established reputation and proven ability. The Group will also proactively seek potential business opportunities that will broaden the sources of income and enhance value to the shareholders.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue amounted to approximately HK\$192.3 million (2017: approximately HK\$266.2 million), representing a decrease of approximately HK\$73.9 million or 27.8% from the previous year. The decrease was mainly attributable to keen competition in the construction industry, resulting in lower number of new awarded projects, which were less than that of completed projects and the project cycle of various projects undertaken by the Group.

During the Reporting Period, there were 11 projects contributing revenue to the Group, whereas revenue for the year ended 31 March 2017 was contributed by 24 projects. Payment certificates of five of the projects completed in the last year were certified during the year, with additional workdone agreed and granted to the Group amounted to approximately HK\$5.7 million.

Gross profit and gross profit margin

The Group's total gross profit decreased by approximately HK\$26.4 million, or 53.0%, from approximately HK\$49.8 million for the year ended 31 March 2017 to approximately HK\$23.4 million for the Reporting Period.

And the gross profit margin decreased from approximately 18.7% for the year ended 31 March 2017 to approximately 12.2% for the Reporting Period. The decrease in both gross profit and gross profit margin were mainly due to:

1. keen competition in the construction industry, resulting in lower number of newly awarded projects which were less than that of completed projects. Such fierce competition in the industry had led to decrease in number of contract and revenue being recognised by the Group during the Reporting Period and certain projects were at their stage of completion or commencement during the Reporting Period which contributed less revenue to the Group;
2. increase in labour expenses, material costs and subcontracting fees incurred for various types of variation works performed and delay in works progress of a project in Shatin district; and
3. increase in the usage of direct labour due to the category of the works performed by the Group during the Reporting Period. As at 31 March 2018, the Group employed 222 staff (2017: 114 staff) of which 209 (2017: 104) were our site management staff and direct labour.

Administrative expenses

The administrative expenses of the Group for the Reporting Period amounted to approximately HK\$13.3 million, representing a decrease of approximately 41.4% compared with approximately HK\$22.7 million for the year ended 31 March 2017. Such decrease was mainly attributable to the absence of listing expenses amounting to HK\$10.2 million for the year ended 31 March 2017. Set aside the non-recurring listing expenses, the administrative expenses increased by approximately 6.4% from approximately HK\$12.5 million for the year ended 31 March 2017 to approximately HK\$13.3 million for the year ended 31 March 2018. The increase was mainly attributable to the increase in staff costs arising from employment of two senior manager grade employees and increase in directors' remuneration.

Income tax expense

Income tax for the Group decreased by approximately HK\$5.2 million or 70.3% from approximately HK\$7.4 million for the year ended 31 March 2017 to approximately HK\$2.2 million for the Reporting Period. Such decrease was due to the decrease in revenue and gross profit as discussed in the section headed "Revenue" and "Gross profit and gross profit margin" above.

Profit and total comprehensive income for the year

Profit and total comprehensive income for the year of the Company decreased by approximately HK\$11.0 million to approximately HK\$8.7 million compared to approximately HK\$19.7 million for the year ended 31 March 2017. The decrease was mainly attributable to the decrease in revenue and gross profit as previously discussed.

USE OF PROCEEDS FROM THE 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 “Prospectus”). The below table sets out the proposed applications of the net proceeds and usage up to date of the announcement:

	Planned use of proceeds <i>HK\$'000</i>	Actual usage up to date of this announcement <i>HK\$'000</i>
Purchase of machinery and equipment	57,731	57,731
Expansion of workforce	18,102	18,102
Taking out surety bond	12,231	7,628
General working capital	8,929	6,414
	<hr/>	<hr/>
	96,993	89,875
	<hr/> <hr/>	<hr/> <hr/>

The Directors are not aware of any material change to the planned use of proceeds as at the date of this announcement. Any net proceeds that were not applied immediately have been placed in the short-term demand deposits with authorised financial institutions or licensed banks in Hong Kong as at the date of this announcement.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

As at 31 March 2018, the Group had bank balances totalling approximately HK\$31.1 million (2017: approximately HK\$98.2 million). The decrease was mainly due to the aggregate net cash used in operation, investing and financing activities of approximately HK\$67.1 million. The interest-bearing debts of the Group as at 31 March 2018 was approximately HK\$8.1 million (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 31 March 2018 was approximately 4.9% (2017: approximately 6.6%), as a result of the increase in total equity from the operation and repayment of finance leases during the Reporting Period.

PLEDGE OF ASSETS

The Group's plant and machinery with an aggregate carrying values of approximately HK\$2.7 million and HK\$5.4 million and motor vehicles with an aggregate carrying value of approximately HK\$1.8 million and HK\$2.9 million as at 31 March 2018 and 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 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 year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group employed 222 staff (2017: 114 staff). Total staff costs including directors' emoluments for the year, amounted to approximately HK\$68.1 million (2017: approximately HK\$35.6 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 increment, discretionary bonuses and promotions based on the performance of each employee.

During the Reporting Period, 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 Reporting Period, 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 through a combination of funds generated from operations, finance lease and proceeds received from the Listing of the Company on 17 October 2016.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group did not hold any significant investments nor have any material acquisitions or disposals of subsidiaries, associated companies or joint ventures.

CAPITAL COMMITMENTS

As at 31 March 2018, the Group did not have any capital commitments (2017: Nil).

CONTINGENT LIABILITIES

As at 31 March 2018, the Group did not have any significant contingent liabilities (2017: Nil).

ANNUAL GENERAL MEETING

The notice of the 2018 annual general meeting (the “AGM”) will be published and despatched to the shareholders of the Company in the manner as required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in due course. The period for closure of register of members of the Company for determining the entitlement to attend and vote at the AGM will be set out in the notice of AGM.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company (the “Audit Committee”) consists of three independent non-executive Directors, namely Mr. Cheung Wai Lun Jacky, Mr. Lee Chi Ming and Mr. Tang Chi Wai. The Company’s annual results for the Reporting Period have been reviewed by the Audit Committee, which takes the view that the applicable accounting standards and requirements have been complied with by the Company and that adequate disclosures have been made. The Audit Committee has met the external auditors of the Company, SHINEWING (HK) CPA Limited, and reviewed the Group’s audited annual results for the Reporting Period.

DIVIDEND

The Directors do not recommend payment of a dividend for the year ended 31 March 2018 (2017: Nil).

CORPORATE GOVERNANCE

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 Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules on the Stock Exchange.

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

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (“the Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. On specific enquiry made, all Directors have confirmed that throughout the Reporting Period, they have complied with the required standard as set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities.

PUBLICATION OF INFORMATION ON THE WEBSITES OF HONG KONG EXCHANGES AND CLEARING LIMITED AND THE COMPANY

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the Company’s website at www.cherishholdings.com. The annual report of the Company for the Reporting Period containing all information required by the Listing Rules will be dispatched to shareholders and published on above websites in due course.

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

Hong Kong, 21 June 2018

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.