



CHerish Holdings Limited

東盈控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 2113

INTERIM REPORT 2016

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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

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 No. 917

Shatin Galleria

18-24 Shan Mei Street

Fo Tan

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of CHerish Holdings Limited (the "Company"), it gives me great pleasure to present to you the interim report of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 September 2016 (the "Period").

The shares of the Company were successfully listed (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 October 2016 (the "Listing Date"). The Listing represents a significant milestone as well as a new chapter of our Group. The Listing not only enhanced our Group's reputation and also strengthened our Group's operational capability. On behalf of our Group, I would like to express our appreciation to all the parties who have assisted and involved in the Listing.

Review

Our Group has more than 14 years experiences in undertaking site formation works and ancillary services in Hong Kong. According to the Euromonitor Report, the total revenue of the site formation industry accounted for approximately 2.18% of the total revenue of the overall construction industry in Hong Kong in 2015 and our Group held an approximately 7.2% market share among site formation and clearance works subcontractors in Hong Kong.

The total revenue of our Group increased by approximately HK\$108.0 million or 168.5% from approximately HK\$64.1 million for the six months ended 30 September 2015 to approximately HK\$172.1 million for the six months ended 30 September 2016.

Our Group's profit attributable to owners of the Company increased by HK\$1.3 million or 11.4% to approximately HK\$12.8 million compared to approximately HK\$11.5 million for the corresponding period of 2015.

Prospect

Our Group is confident about the outlook and the prospects of the construction market and will keep focusing on our main business of site formation works. 2016 will be a year full of challenges and opportunities. The global economy remains uncertain, however, the Hong Kong Government unveiled a range of supportive initiatives for the construction industry. The policy address released on 13 January 2016 has demonstrated the Hong Kong Government's commitment to continuing to rezone sites and expedite land development. The Government has started actively exploring the use of rock caverns as one of the innovative measures to expand Hong Kong's land resources. In its 2016 policy address, the Government announced that it was about to complete the territory-wide Cavern Master Plan, which was parts of 'Long-term Strategy for Cavern Development' program commenced by the Civil Engineering and Development Department in 2012. The rest of the program, feasibility studies on the relocation of three sewage treatment works and service reservoirs to caverns are expected to be completed by early 2017. Our Group may possibly benefit from the Government's plans for rock cavern development through the capabilities in rock excavation and rock blasting.

According to the study and planning for the New Territories North (the "NTN") Development released in October 2016, NTN covering about 5,300 hectares of land to identify potential development areas. Expansion of the mass transit railway network and urban renewal work are required that will present huge opportunities for our Group. Our Group will keep on improving the effectiveness of our site formation works by expanding the capacity of our own machinery and specializing in technical expertise especially in rock excavations. Our Board is prudently optimistic towards the prospects of the construction market in the near future.

Tang Man On
Chairman

This interim report has been posted in both English and in Chinese language on the website of the Company at www.cherishholdings.com.

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.

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:

Site Location	Type of Works	Status
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
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 workdone 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 of the Company.

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 dated 30 September 2016 (the "Prospectus"). 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	4,424
Expansion of workforce	18,102	224
Taking out surety bond	12,231	1,273
General working capital	8,929	–
	<hr/>	
	96,993	5,921
	<hr/>	

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

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

Details of dividend are disclosed in note 10 to the condensed consolidated interim financial statements.

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

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

	Attributable to owners of the Company			Total equity HK\$'000
	Share capital HK\$'000	Other reserve HK\$'000	Retained earnings HK\$'000	
At 1 April 2015 (audited)	–	–	36,778	36,778
Profit and total comprehensive income for the period	–	–	11,529	11,529
At 30 September 2015 (unaudited)	–	–	48,307	48,307
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 17(c))	–*	–*	–	–
At 30 September 2016 (unaudited)	–	–	39,041	39,041

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016**

	Six months ended 30 September	
	2016	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Cash generated from operations	7,514	14,647
Tax paid	(1,738)	–
NET CASH GENERATED FROM OPERATING ACTIVITIES	5,776	14,647
INVESTING ACTIVITIES		
Purchase of plant and equipment	(2,208)	(2,046)
Proceeds from disposals of plant and equipment	–	900
Interest received	2	2
Repayment from (advance to) directors	93	(17,750)
NET CASH USED IN INVESTING ACTIVITIES	(2,113)	(18,894)
FINANCING ACTIVITIES		
Repayment of unsecured bank borrowings	(248)	(778)
Interest paid	(151)	(205)
Repayment of obligations under finance leases	(1,816)	(2,399)
Dividend paid	(19,000)	–
NET CASH USED IN FINANCING ACTIVITIES	(21,215)	(3,382)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,552)	(7,629)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	52,220	31,082
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	34,668	23,453

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 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 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
Bank interest income	1	2
Refund of MPF contributions	69	206
Others	68	90
	138	298

6. FINANCE COSTS

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

7. TAXATION

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

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
	HK\$'000	HK\$'000
	(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	2015
	(Unaudited)	(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)	2.14	1.92

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	2015
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Dividends recognised as distribution during the periods		
2017 Interim	19,000	–

No dividend was paid or proposed by the Company during the respective periods, nor has any 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	
Net book value	
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
Six months ended 30 September 2015	
Net book value	
Opening amount as at 1 April 2015 (Audited)	14,734
Addition	5,634
Disposals	(924)
Depreciation	(3,102)
	<hr/>
Closing amount as at 30 September 2015 (Unaudited)	16,342

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

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
Contract costs incurred plus recognised profit less recognised losses	508,191	347,546
Less: progress billings	(502,459)	(357,232)
	<hr/>	
	5,732	(9,686)
	<hr/>	
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)
	<hr/>	
	5,732	(9,686)
	<hr/>	

13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (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
	34,379	32,687

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

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.

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

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

15. TRADE AND OTHER PAYABLES

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

Notes:

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

	As at 30 September 2016 HK\$'000 (Unaudited)	As at 31 March 2016 HK\$'000 (Audited)
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
	22,241	18,195

16. OBLIGATIONS UNDER FINANCE LEASES

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

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

	Note	Number of ordinary shares	Nominal 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
		2,000,000,000	20,000
As at 30 September 2016			
Issued and fully paid:			
On 31 March 2016 (date of incorporation)	a	1	–
Issuance of shares upon Reorganisation	c	9,999	–
		10,000	–

Notes:

- 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.
- 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.
- 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.
- 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:

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

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
	2,520	2,170

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 of 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.

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 apart from the Reorganisation in relation to the Listing as disclosed in the Prospectus.

Future plans for material investments or capital assets

Save as disclosed in the Prospectus, the Company does not have any other plans for material investments or capital assets.

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 report.

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 2016, the Shares were not listed on the Main Board. Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") and section 352 of the SFO were not applicable to the Group for the Period.

As at the date of this report, 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 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, 4 and 5)	Interest of controlled corporation	555,000,000(L) (Note 1)	72.29%
Choi Chun Chi Sandy (Notes 2, 3, 4 and 5)	Interest of controlled corporation	555,000,000(L) (Note 1)	72.29%

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 Man On is deemed, or taken to be, interested in 555,000,000 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 555,000,000 Shares held by Waterfront Palm Limited for the purpose of the SFO.
5. On 4 November 2016, the Over-allotment Option is exercised by the Bookrunner, China Prospect Securities Limited, whereby an aggregate of 27,750,000 shares were issued on 7 November 2016. Thus, the percentage of shareholding of Waterfront Palm Limited in the Company was changed from 75% (before the exercise of the Over-allotment Option) to 72.29%.

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 shareholder's interests and short positions in Shares and underlying Shares

As at 30 September 2016, the Shares were not listed on the Main Board. The respective Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the Group for the Period.

So far as is known to the Directors, at the date of this report, the following person (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 (Note 2)	Beneficial owner	555,000,000(L) (Note 1)	72.29%

Notes:

1. The letter "L" demonstrates long position in such securities.
2. On 4 November 2016, the Over-allotment Option is exercised by the Bookrunner, China Prospect Securities Limited, whereby an aggregate of 27,750,000 shares were issued on 7 November 2016. Thus, the percentage of shareholding of Waterfront Palm Limited in the Company was changed from 75% (before the exercise of the Over-allotment Option) to 72.29%.

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.

An option may be accepted by a participant to whom the offer is made within 5 business days from the date on which the letter containing the offer is delivered to that participant. 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 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 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 report.

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. 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 report.

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

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