CHerish Holdings Limited
東盈控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 2113

ANNUAL 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

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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 Hong Kong and Shanghai Banking Corporation Limited

AUDITOR

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

LEGAL ADVISERS 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

	Year ended March 31			
	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000
Revenue	**266,167**	210,046	139,367	83,947
Cost of sales	**(216,346)**	(167,546)	(104,131)	(69,014)
Gross profit	**49,821**	42,500	35,236	14,933
Other income	**419**	515	59	–
Administrative expenses	**(22,739)**	(8,041)	(4,163)	(3,308)
Finance costs	**(356)**	(375)	(389)	(179)
Profit before taxation	**27,145**	34,599	30,743	11,446
Income tax expense	**(7,399)**	(6,175)	(5,072)	(1,793)
Profit and total comprehensive income for the year	**19,746**	28,424	25,671	9,653

	As at March 31			
	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000
Non-current assets				
Plant and equipment	**29,958**	21,910	14,734	10,003
Deposits paid for purchase of plant and equipment	**1,177**	–	–	–
	31,135	21,910	14,734	10,003
Current assets				
Amounts due from customers for contract work	**43,184**	19,822	763	439
Trade and other receivables	**24,346**	32,687	10,960	11,974
Amounts due from directors	**–**	93	30,483	9,254
Restricted bank balances	**2,571**	–	–	–
Bank balances and cash	**98,165**	52,220	31,124	2,737
	168,266	104,822	73,330	24,404
Current liabilities				
Amounts due to customers for contract work	**2,583**	29,508	25,476	1,804
Trade and other payables	**25,516**	31,796	11,336	11,894
Amount due to a related company	**–**	–	57	961
Unsecured bank overdrafts	**–**	–	42	–
Unsecured bank borrowings	**–**	248	1,828	3,347
Obligations under finance leases – due within one year	**5,170**	3,391	2,629	1,029
Tax payable	**2,061**	10,777	5,762	1,242
	35,330	75,720	47,130	20,277
Net current assets	**132,936**	29,102	26,200	4,127
Total assets less current liabilities	**164,071**	51,012	40,934	14,130
Non-current liabilities				
Obligations under finance leases – due after one year	**5,101**	3,547	3,053	2,472
Deferred tax liabilities	**2,952**	2,263	1,103	551
	8,053	5,810	4,156	3,023
Net assets	**156,018**	45,202	36,778	11,107
Capital and reserves				
Share capital	**7,678**	–	–	–
Reserves	**148,340**	45,202	36,778	11,107
Total equity	**156,018**	45,202	36,778	11,107

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of CHerish Holdings Limited (the "Company"), it gives me great pleasure to present you the annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2017 (the "Reporting Period").

Market review and Financial review

The development of the construction industry would be prosperous in the foreseeable future. In the 2016-2017 Budget, the HKSAR Government (the "Government") estimated that the public expenditure for construction projects would amount to HK$79.0 billion for the year ended 31 March 2017. In recent years, the Government has invested more than HK$70.0 billion annually in transport networks, hospitals, schools and land development, as well as other large-scale infrastructure projects. The Government also announced to carry out a number of development plans including those new projects in the Northern Kwu Tung, Northern Fanling and Hung Shui Kiu. It is predicted that the amount of investment in the next few years will remain steady.

With more than 15 years of experience as a subcontractor providing site formation works in Hong Kong, the Group always maintains its professional technical standards to undertake site formations works such as general earthworks, tunnel excavation works, foundation works, as well as road and drainage works. It is expected that our group would be aligned with the optimistic development of the industry.

During the Reporting Period, the Group's revenue amounted to approximately HK$266.2 million, representing an increase by approximately HK$56.2 million or 26.8% when compared with approximately HK$210.0 million in the previous year. The total gross profit of the Group for the reporting Period climbed up by approximately HK$7.3 million, or 17.2%, from approximately HK$42.5 million for the year ended 31 March 2016 to approximately HK$49.8 million. Due to the significant revenue contribution of several projects having lower gross profit margin, the gross profit margin decreased from approximately 20.2% for the year ended 31 March 2016 to approximately 18.7% for the Reporting Period.

The administrative expenses of the Group amounted to approximately HK$22.7 million, representing an increase of approximately 183.8% compared with approximately HK$8.0 million for the year ended 31 March 2016. Meanwhile, the income tax expense for the Group increased by approximately HK$1.2 million or 19.4% from approximately HK$6.2 million for the year ended 31 March 2016 to approximately HK$7.4 million for the Reporting Period. Despite the non-recurring listing expenses, the profit and total comprehensive income of the Group for the year would hit approximately HK$29.9 million for the year ended 31 March 2017. The profit and total comprehensive income for the Reporting Period decreased by HK$8.7 million to approximately HK$19.7 million compared to approximately HK$28.4 million for the year ended 31 March 2016.

New project awarded

C & H Engineering Company Limited (the "C&H"), an indirect wholly-owned principal subsidiary of the Group, mainly engages in provision of site formation works, has recently been awarded one of its largest tenders with total contract sum of approximately HK$305.1 million for the site formation works in Tseung Kwan O-Lam Tin Tunnel which lasts for 26 months from April 2017.

It is believed that the award of this very substantial contract further recognised the Group's quality works on site formation of the Group. Being affirmed by the customers through the competitive tendering process, it is expected that the enhanced popularity and reputation of the Group in site formation sector may strengthen the Group's position in the construction industry.

PROSPECTS

Despite that the global economy remains uncertain, the Group is prudently optimistic towards the outlook and prospects of the construction market and will continue to focus on our business of undertaking site formation works. The Government unveiled a range of supportive initiatives for the construction industry, pursuant to the Government's Budget 2017-18, the Government proposes to invest approximately HK$107.2 billion in infrastructure projects. Other than the Ten Major Infrastructure Projects, Tseung Kwan O-Lam Tin Tunnel and three-runway system for the Hong Kong International Airport, the Government will continue to take the new town extension in Tung Chung forward, as well as the implementation plans for new development areas at Kwu Tung North, Fanling North, Hung Shui Kiu and Yuen Long South, etc. In particular, expansion of the mass transit railway network and urban renewal work will yield huge opportunities for the Group.

The Group believes that the Government's long term planning for infrastructure and the increasing Government support for rock caverns development projects would accelerate the growth of the Group and the demand of our services. The Government has started actively exploring the use of rock caverns as one of the innovative measures to expand Hong Kong's land resources. We expect the Group to benefit from the Government's plans for rock cavern development with our capabilities in rock excavation and rock blasting. By expanding the capacity of our own machinery and specialising in technical expertise especially in rock excavations, the Group will keep on improving the effectiveness of our site formation works, and seizing opportunities to maintain steady growth of the Group's development.

Tang Man On
Chairman of the Board
Hong Kong, 22 June 2017

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has over 15 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. 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.

As at date of this report, there were six projects on hand with total contract sum amounting to approximately HK$643.5 million. Except for two projects which are expected to be completed in the year ending 31 March 2019 and 31 March 2020, the remaining are expected to be completed in the forthcoming financial year.

During the Reporting Period and up to date of this report, the Group was awarded 12 site formation projects with an aggregate contract sum of approximately HK$570.7 million. Seven of them were completed during the Reporting Period and together with seven projects awarded in the years ended 31 March 2015 and 31 March 2016, the Group has completed a total of 14 projects with total contract sum of approximately HK$277.0 million.

Below set out a list of projects completed during the Reporting Period and those projects which are still in progress as at 31 March 2017 and up to date of this report:

Site Location	**Type of Works**	**Status** as at 31 March 2017	**Status** up to date of this report
Central and Western District	Site formation, ELS and pile cap works for a commercial development project	Completed	Completed
Islands District	Steel fabrication works	Completed	Completed
Tai Po District	Site formation works for a residential development project	Completed	Completed
Islands District	Installation of steel working platform	Completed	Completed
Islands District	Steel fabrication works	Completed	Completed
Islands District	Road works for a link road relating to Hong Kong-Zhuhai-Macao Bridge	Completed	Completed
Yau Tsim Mong District	Excavation and pile cap works for a residential and commercial development project	Completed	Completed
Islands District	Drainage works	Completed	Completed
Shatin District	Site formation, foundation, road and drainage works for a residential development project	Completed	Completed
Kowloon City District	Site formation, foundation, ELS and pile cap works for a railway extension project	Completed	Completed
Islands District	Site formation, road and drainage works for a hotel project of a major theme park in Hong Kong	Completed	Completed
Tuen Mun District	Excavation and underground drainage works for a construction project of Government complex	Completed	Completed
Yau Tsim Mong District	ELS and pile cap construction works for a hotel project	Completed	Completed
Kwun Tong District	Site formation works	Completed	Completed
Islands District	Tunnel excavation works by drill and break for a link road relating to Hong Kong-Zhuhai-Macao Bridge	Work in progress	Work in progress
Tuen Mun District	Site formation and geotechnical works for a residential and kindergarten development project	Work in progress	Work in progress
Islands District	Roadworks, drainage and duck works	Work in progress	Work in progress
Islands District	Demolish works	Work in progress	Work in progress
Shatin District	Site formation, slope work, road and drainage works	Work in progress	Work in progress
Kwun Tong District (Note)	Site formation works	N/A	Work in progress

Note: The project was awarded after 31 March 2017. For further particulars, please refer to the voluntary announcement of the Company dated 4 May 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Going forward, the Group will continue to focus on developing business of undertaking site formation works in Hong Kong. According to the Hong Kong Government's Budget 2017-18, the Government proposes to invest approximately HK$107.2 billion in infrastructure projects. In addition, other than the Ten Major Infrastructure Projects, Tseung Kwan O-Lam Tin Tunnel and three-runway system for the Hong Kong International Airport, the Government will continue to take forward the new town extension in Tung Chung, as well as the implementation plans for new development areas at Kwun Tung North, Fanling North, Hung Shui Kiu and Yuen Long South, etc.

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. In particular, the Group was involved in public projects including Hong Kong-Zhuhai-Macao Bridge and Tseung Kwan O-Lam Tin Tunnel.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's revenue amounted to approximately HK$266.2 million (2016: approximately HK$210.0 million), representing an increase of approximately HK$56.2 million or 26.8% from the previous year. Such increase was mainly attributable to the commencement of newly awarded projects in Tuen Mun, Islands and Kwun Tong District with contract sum of approximately HK$173.9 million which contributed approximately 24.8% towards the total revenue of the Group.

Gross profit and gross profit margin

The Group's total gross profit increased by approximately HK$7.3 million, or 17.2%, from approximately HK$42.5 million for the year ended 31 March 2016 to approximately HK$49.8 million for the Reporting Period. Such increase was mainly due to the growth of the revenue. The decrease of gross profit margin from approximately 20.2% for the year ended 31 March 2016 to approximately 18.7% for the Reporting Period was mainly attributable to the significant revenue contribution of several projects commenced during Reporting Period which carried lower gross profit margin.

Administrative expenses

The administrative expenses of the Group for the Reporting Period amounted to approximately HK$22.7 million, representing an increase of approximately 183.8% compared with approximately HK$8.0 million for the year ended 31 March 2016. Such increase was mainly due to the increase in non-recurring listing expenses, donations, professional fees, staff costs as well as directors' emoluments. Listing expenses borne by the Company amounted to HK$20.4 million, of which HK$10.2 million was charged to the profit or loss of the Group during the year.

Income tax expense

Income tax expense for the Group increased by approximately HK$1.2 million or 19.4% from approximately HK$6.2 million for the year ended 31 March 2016 to approximately HK$7.4 million for the Reporting Period. The increase was mainly due to slight increase in profit before taxation when excluding the effect of listing expenses of approximately HK$10.2 million during the year, which was not tax deductible expenses.

Profit and total comprehensive income for the year

Profit and total comprehensive income for the year of the Company decreased by HK$8.7 million to approximately HK$19.7 million compared to approximately HK$28.4 million for the year ended 31 March 2016. Such decrease was primarily attributable to the listing expenses incurred by our Group for its listing exercise during the year. Excluding the non-recurring listing expenses, the Group's profit and total comprehensive income for the year would reach approximately HK$29.9 million for the year ended 31 March 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

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 report:

	Planned use of proceeds HK$'000	**Actual usage up to date of this report** HK$'000
Purchase of machinery and equipment	57,731	25,650
Expansion of workforce	18,102	5,964
Taking out surety bond	12,231	2,571
General working capital	8,929	1,588
	96,993	35,773

The Directors are not aware of material change to the planned use of proceeds as at the date of this report. 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 report.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

As at 31 March 2017, the Group had bank balances of approximately HK$98.2 million (2016: approximately HK$52.2 million). The increase was mainly due to the net proceeds received from the Listing. The interest-bearing debts of the Group as at 31 March 2017 amounted to approximately HK$10.3 million (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 31 March 2017 was approximately 6.6% (31 March 2016: approximately 15.9%). As a result of the increased equity following the listing of the Company, the Group's gearing ratio decreased. 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$5.4 million and HK$6.8 million and motor vehicles with an aggregate net book value of approximately HK$2.9 million and HK$1.8 million as at 31 March 2017 and 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 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 year.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2017, the Group employed 114 staff (2016: 62 staff). Total staff costs including directors' emoluments for the year, amounted to approximately HK$35.4 million (2016: approximately HK$26.6 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 increase, 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, borrowings 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 apart from the reorganisation of the Group disclosed in the Prospectus.

CAPITAL COMMITMENTS

As at 31 March 2017, the Group did not have any capital commitments (31 March 2016: Nil).

CONTINGENT LIABILITIES

As at 31 March 2017, the Group did not have any significant contingent liabilities (31 March 2016: Nil).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. TANG Man On, aged 62, was appointed as Director on 31 March 2016. Mr. Tang was re-designated as the executive Director and was appointed as Chairman of the Company on 14 June 2016. He has over 40 years of experience in construction industry in Hong Kong. Mr. Tang is primarily responsible for formulation of overall business development strategy and overseeing day-to-day management of site operations of the Group. Mr. Tang joined C&H as the chief engineer in December 2001, and was subsequently appointed as a director of C&H in November 2004. Prior to joining the Group, from 1970 to 1979, Mr. Tang worked as a machine operator in various construction companies in Hong Kong where he started to gain exposure to execution of construction projects. During the period between 1979 and early 1990s, he ran his own business through the sole proprietorships established by himself where he engaged in the rental of machinery for construction works in Hong Kong. Mr. Tang was also a director of three construction companies, namely, Civil-works Contractor Company Limited, Man Lee Engineering Limited and Sheung Fat Construction & Engineering Limited during the period between December 1996 and December 2004, between January 1997 and November 2005 and between September 1998 and September 2000, respectively, where Mr. Tang was responsible for overseeing site formation projects and other construction projects in Hong Kong. Mr. Tang attended primary school education in Hong Kong from 1961 to 1966. Mr. Tang is the spouse of Ms. Choi, our executive Director. He is also the father of Ms. Tang Rita Pui Ki, our Senior Corporate Administrator, and Mr. Hui Wai Cheong, our Quality, Safety and Environmental Manager.

Mr. KWOK Hoi Chiu, aged 39, was appointed as Director on 31 March 2016. Mr. Kwok was re-designated as executive Director and was appointed as Chief Executive Officer of the Company on 14 June 2016. He has over 10 years of experience in contract management for different construction projects in Hong Kong. Mr. Kwok joined our Group as a technical director of C&H in October 2012 and was appointed as a director of C&H in January 2015. He is primarily responsible for general management and overseeing the engineering and technical aspects of various projects of our Group.

Mr. Kwok obtained a Bachelor of Engineering – Civil degree from McGill University, Canada in May 2001. He has been a Corporate Member of Institution of Civil Engineers in the United Kingdom since December 2009, a Chartered Engineer in the United Kingdom since January 2010, a Registered Professional Engineer in Hong Kong since June 2011 and a Corporate Member of The Hong Kong Institution of Engineers since June 2011. He was also admitted as a Building Environmental Assessment Method Professional in August 2011. Mr. Kwok became an Ordinary Member of Hong Kong Construction Arbitration Centre, Limited in 2011 and served as its Council Member from 2012 to 2013, and has been its Fellow Member since February 2013. From 2012 to 2014, he also served as a Committee Member of Institution of Civil Engineers Hong Kong Association.

Ms. CHOI Chun Chi Sandy, aged 57, is the founder of the Group and was appointed as Director on 31 March 2016 and was re-designated as executive Director on 14 June 2016. Since December 2001, Ms. Choi has been primarily responsible for overseeing the administration matters of our Group. Prior to establishing our Group, Ms. Choi has accumulated years of experience in business management and administration in beauty service industry. Ms. Choi completed five-year secondary education in Hong Kong in June 1977. Ms. Choi is the spouse of Mr. Tang, our executive Director. She is also the mother of Ms. Tang Rita Pui Ki, our Senior Corporate Administrator, and Mr. Hui Wai Cheong, our Quality, Safety and Environmental Manager.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEUNG Wai Lun Jacky, aged 43, was appointed as independent non-executive Director of the Company on 20 September 2016. He is also the Chairman of remuneration committee and members of audit committee and nomination committee of the Company. He obtained a Bachelor of Laws degree and a Postgraduate Certificate in Laws from The University of Hong Kong in November 1995 and June 1996 respectively. He was admitted as a solicitor of the High Court of Hong Kong in November 1998 and is currently a practising solicitor in Hong Kong. Mr. Cheung has over 17 years of post-qualification experience in the legal profession. From September 2001 to December 2007 and from November 2008 to September 2012, Mr. Cheung worked as a senior associate at Mayer Brown JSM (formerly known as JSM from January 2008 to April 2010 and Johnson Stokes & Master until January 2008), a Hong Kong-based law firm. From June 2013 to March 2015, he served as an associate and was further promoted to a partner in D.S. Cheung & Co., a law firm in Hong Kong. Since April 2015, Mr. Cheung has been a consultant at Loeb & Loeb LLP (formerly known as Pang & Co. in association with Loeb & Loeb LLP), a law firm in Hong Kong.

Mr. LEE Chi Ming, aged 59, was appointed as independent non-executive Director of the Company on 20 September 2016. He is also the Chairman of nomination committee and members of audit committee and remuneration committee of the Company. From August 1983 to July 2012, Mr. Lee served the Water Supplies Department of the Hong Kong Government. Mr. Lee's last position with the Hong Kong Government was Chief Engineer in Water Supplies Department, which principal functions include, among others, designing and constructing waterworks projects and planning and managing water resources and water supply systems.

Mr. Lee obtained a Bachelor of Science in Engineering, Master of Science in Urban Planning and Master of Science in Interdisciplinary Design and Management from The University of Hong Kong in November 1980, November 1987 and December 2006, respectively. He is currently a chartered engineer, a fellow of the Institution of Civil Engineers and a member of the Hong Kong Institution of Engineers.

Mr. Lee is a fellow of the Institution of Civil Engineers. He was the chairman of the Institution of Civil Engineers Hong Kong Association between 2013 and 2015 and was admitted as a member of the Council of Institution of Civil Engineers in 2013. He is also a member of the Hong Kong Institution of Engineers since 1985. Since 2015, he has been the chairman of the Board of "Carboncare Innolab", a non-government organisation which is dedicated to the nurturing and development of innovative solutions in response to the climate change challenge. He is also the vice-chairman of Land Watch, a local think tank with the objectives to carry out research and to advocate policies in relation to land, housing, planning and development, conservation and heritage in Hong Kong, since 2012. Mr. Lee was a member of the Council of the Hong Kong Examination and Assessment Authority between 2004 and 2007. During the period, he was appointed the Vice-chairman of the Finance and General Purposes Committee and the Finance and Audit Committee as well as a member of the Appeal Review Committee.

Mr. TANG Chi Wai ("Mr. CW Tang"), aged 43, was appointed as independent non-executive Director of the Company on 20 September 2016. He is also the Chairman of audit committee and members of nomination committee and remuneration committee of the Company. Mr. CW Tang has over 20 years of experience in auditing and accounting. Mr. CW Tang has been serving as a financial controller, company secretary and authorised representative of Universal Technologies Holdings Limited (a company listed on the Main Board of the Stock Exchange (stock code: 1026)) since June 2008. Mr. CW Tang was appointed on 5 June 2017 as an independent non-executive director, chairman of audit committee and member of remuneration committee of Xin Point Holdings Limited (stock code: 1571), a company which is to be listed on the Main Board of the Stock Exchange of Hong Kong Limited since 28 June 2017.

Mr. CW Tang is a practising Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, a Certified Internal Auditor of the Institute of Internal Auditors and a holder of the Practitioner's Endorsement from the Hong Kong Institute of Chartered Secretaries. Mr. CW Tang has also obtained various professional qualifications and memberships including a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Hong Kong Institute of Chartered Secretaries, the Institute of Chartered Secretaries and Administrators, and a member of the Chinese Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Ms. TANG Rita Pui Ki, aged 34, is our Senior Corporate Administrator and was appointed to the current position in August 2010. She is primarily responsible for managing and supervising the corporate and administrative matters of our Group. Ms. Tang joined our Group in August 2003 as a clerk. She worked as an administrative assistant in our Group between September 2004 and November 2006. Ms. Tang was promoted to administrative officer in December 2006 and further promoted to senior administrative officer in December 2008. Ms. Tang completed the 42-hour Construction Safety Supervisor Course organised by the Construction Industry Council in June 2005 and the Yi Jin Programme organised by the Federation for Continuing Education in Tertiary Institutions in October 2012.

Ms. Tang is the daughter of Ms. Choi and Mr. Tang who are our executive Directors. She is also the sister of Mr. Hui Wai Cheong, our Quality, Safety and Environmental Manager.

Mr. HUI Wai Cheong, aged 29, is our Quality, Safety and Environmental Manager. He has over 5 years of experience in safety management in construction projects. Mr. Hui is responsible for implementing our quality control, safety and environmental management system and monitoring compliance of health, safety and environmental issues. Mr. Hui joined our Group as a Quality, Safety and Environmental consultant in November 2011 and was promoted to the current position in March 2015. Between September 2010 and February 2016, Mr. Hui also worked at Vibro (H.K.) Limited, a civil engineering construction company in Hong Kong as an assistant safety officer and was later promoted to senior safety officer. He was responsible for implementing site safety measures and monitoring day-to-day site safety management.

Mr. Hui obtained a Bachelor of Engineering in Mechanical Engineering (Building Services) and a Master of Science in Intelligent Building Technology and Management from The Hong Kong University of Science and Technology in November 2009 and November 2010, respectively. He also obtained a diploma in Occupational Safety and Health from HKU School of Professional and Continuing Education in September 2011. Mr. Hui is a safety officer registered with the Labour Department.

Mr. Hui is the son of Ms. Choi and Mr. Tang who are our executive Directors. He is also the brother of Ms. Tang, our Senior Corporate Administrator.

Mr. LAM Sing Hon, aged 31, is our Financial Controller and he is responsible for overseeing our Group's overall financial accounting and reporting as well as corporate finance matters. He has over 8 years of experience in auditing and accounting. Prior to joining our Group in December 2015, Mr. Lam worked as an auditor at RSM Nelson Wheeler, a CPA firm in Hong Kong, from November 2011 to March 2014. From January 2015 to November 2015, Mr. Lam was the financial controller of Progressive Foundation Company Limited, a company principally engaged in the provision of foundation engineering works and project management business in Hong Kong and a subsidiary of LEAP Holdings Group Limited (a company whose shares are listed on the Stock Exchange (stock code: 1499)). He was responsible for overseeing the financial operations of the group.

Mr. Lam obtained the Bachelor of Business (Accounting) from Monash University in Australia in May 2008. He has been a qualified CPA in Australia since September 2012.

INTRODUCTION

This is the first Environmental, Social and Governance ("ESG") report (the "ESG Report") of CHerish Holdings Limited ("CHerish", the "Company" or together with its subsidiaries, the "Group", Hong Kong stock code: 2113).

This ESG Report presents activities undertaken within the Group's main office and all project sites (the "Reporting Scope"), during the year ended 31 March 2017 (the "Reporting Period"), unless specified otherwise. It aims to communicate the Group's sustainability policies, commitments and performances in three areas covering our business, our people and our environment.

The Reporting Scope of this ESG Report encompasses the most significant economic, environmental and social impact contributed to the Group's operations. However, as we strive for improved disclosure, it is our intention to progressively improve our reporting capabilities and expand the scope of our future ESG Reports.

This ESG Report complies with the provisions of the Environmental, Social and Governance Reporting Guide under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange").

Given this is the Group's first ESG Report, relevant data are limited to certain environmental and social key performance indicators. The Group will continuously improve and expand on the data collection system and its scope.

We value your feedback and comments about this ESG Report and how we can continue to improve on our sustainability performance. Questions and comments can be directly addressed to our office at Office D, 16/F, Kings Wing Plaza 1, No 3 On Kwan Street, Shek Mun, New Territories, Hong Kong or info@cherishholdings.com.

STAKEHOLDER ENGAGEMENT

Stakeholder engagements are pivotal to the sustainable development of our Group. They provide essential information on the materiality of different aspects of our business operations. Our stakeholders include government and regulatory authorities, our shareholders and investors, customers, employees, suppliers and sub-contractors, community organisations, and the media. All stakeholders are welcomed to voice their concerns through various communication channels our Group has set up, including our annual general meeting, external feedback communication windows, employee suggestion box, and site visits, among others.

The table below demonstrates our stakeholders' issues of major concerns and our communication channels available for each stakeholder group.

Stakeholders	Issues of Major Concerns	Communication Channels and Methods
Government/Regulatory Authorities	• Corporate governance • Compliance with laws and regulations	• Cooperate with the government and regulatory authorities on compliance inspections • Due submission • Participate in conferences and seminars
Shareholders/Investors	• Financial performance • Corporate governance • Market image	• News on Company and HKEx websites, such as announcements, circulars, quarterly reports, interim reports, and annual reports • Shareholders' meetings • Company website
Customers	• Work quality • Management of explosive • Environmental and safety performance • Code of Conduct implementation performance • Labour relations, labour rights • Compliance with laws and regulations • Transparency and reliability of information disclosure	• Business visits, regular meetings, regular and ad hoc communication meetings • Audit feedback • Self-management performance feedback • Email and phone contacts
Employees	• Group's business condition • Salaries and benefits • Labour relations, labour rights, and work hours management • Workplace safety, and reasonableness of rules and regulations • Feedback channels for opinions	• Company internal website, email and employee suggestion box • Employee Appraisal • Safety meeting in construction site • Employees and managers forums and surveys
Suppliers and Sub-contractors	• Management of explosive • Fair competition • Quality and price • Suppliers evaluation	• Letters of undertaking • Business communication, including procurement contracts, email and phone contacts • Suppliers evaluation mechanism
Community	• Environmental issues and compliance with laws • Transportation • Career opportunities • Community welfare outreach activities	• External feedback communication windows • Sponsorship of public welfare activities and community visits • Company website
Media	• Employee complaints • Illegal activities/accidents	• Communication documents of relevant issues and press releases • Provision of information on request

Materiality Assessment

Our stakeholders' concerns strengthen our sustainability strategy and help determine issues that are more material to the Group. Based on their feedback through various communication platforms and management input, we were able to identify issues that are of high importance to our stakeholders and of high significance to our business. These issues are categorised into three main aspects: economic, social and environmental, and will be included in this ESG report.

Our Business

- Corporate Governance
- Compliance
- Quality Assurance
- Supply Chain Management

Our People

- Health and Safety
- Labour Relations and Rights
- Training and Development
- Community Welfare Outreach

Our Environment

- Issues and Compliance
- Management of explosive
- Air and Noise Emissions
- Waste Disposal

OUR BUSINESS

Over 15 years of experience in undertaking site formation works in Hong Kong.

CHerish mainly performs site formation works in Hong Kong as a subcontractor. As a subcontractor, we provide our customers with comprehensive site formation solutions, which generally include the following:

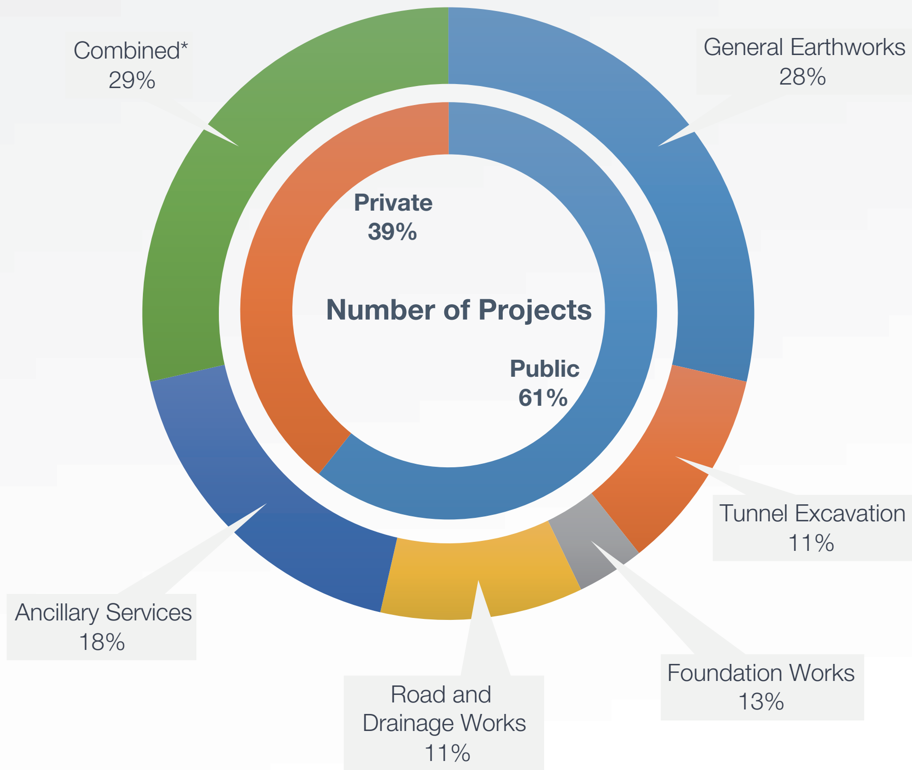
A. General earthworks, including soil and rock excavation, disposal of construction and demolition materials, backfilling and compaction for forming a new site or achieving designed formation level for later development

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 ELS works and associated structural works for construction of pile caps for commercial and residential building projects

D. Road and drainage works, including construction of access roads and drainage systems at construction sites

E. Ancillary services, including steel fabrication and installation of steel working platform



Remarks:

* Combined projects involve those with multiple project types.

Our Commitment

Our Group strives to excel in its industry through enhancing its quality, improving its environmental performance and providing a healthy and safe work environment. The following is our commitment in each area:

Enhance Our Quality

- We are committed to meeting all clients' requirements and increase client satisfaction through improvement of our products, services, and Integrated Management System.
- We are committed to ensureing our clients' contractual and statutory requirements are satisfactorily fulfilled in a planned and systematic manner, in terms of quality and health and safety.

Improve Our Environmental Performance

- We are committed to continuously improving our environmental performance and ultimately minimise or even prevent all environmental impacts from our operations, activities, products and services.

- We are committed to identifying materials, processes, products and wastes that may cause pollution, and implement measures to avoid, reduce or control pollutions where technically and economically viable.

- We are committed to complying with all applicable environmental laws, regulations, codes of practice, and other requirements.

Provide a Healthy and Safe Work Environment

- We are committed to ensuring all statutory and contractual obligations in respect of health and safety are vigilantly heeded and complied with.

- We are committed to integrating all reasonably practical safety measures into project planning.

- We are committed to safeguarding the health and safety of all persons employed, the general public and any others who may come into contact with the Company's activities.

Integrated Management System

To achieve these objectives, CHerish has established and since operated under a formal Integrated Management System (IMS) that fully complies with internationally-recognised requirements of ISO 9001, ISO 14001 and OHSAS 18001. This management system shall demonstrate our management's support and commitment to the continuous development and improvement in the management of quality, environment, and health and safety. Our management shall closely monitor the effectiveness of the IMS and ensure that the policies are effectively communicated to all relevant parties working for or on behalf of the Company. Sufficient training and awareness programs shall be provided to ensure all personnel are familiar with relevant requirements of the IMS pertaining to their job functions.

Corporate Governance

Corporate governance is key to ensuring an effective and transparent operations, and promoting our Group's sustainable development. The holistic range of activities covered under our corporate governance ensure that the Group complies with all applicable code provisions contained within the Corporate Governance Code, as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The Board of Directors (the "Board") has overall responsibility to monitor and review the Group's corporate governance policies and practices. The Group has also established policies and procedures to ensure management and employees at all levels are fully aware, understand, and operate according to the expected business conduct of our Group. The Board and management's commitment to integrity and ethical behavior has been communicated effectively to all members at every level. For further information, please refer to the "Corporate Governance Report" section on pages 27 to 35 of this report.

Our Board of Directors at Listing Dinner in 2016.

Compliance with Laws and Regulations

Managing compliance is fundamental to our governance practices. A detailed compliance manual has been set up in 2016, setting out all relevant laws and regulations applicable to our Group, such as the Listing Rules, Companies Ordinance, and Employment Ordinance. Management has established objectives consistent with laws and regulations. Rectifications on remedial actions have been taken for correction of and prevention from any non-compliance in the future. During this Reporting Period, our management and Board is not aware of any non-compliance of laws and regulations that has a significant impact on the Group.

Risk Assessment

Our management performs annual risk assessments to identify and monitor material risks inherent in our business processes. These risk assessments focus on operations, compliance, and the relations to reliable financial reporting. Stakeholders' input, including our employees, customers, suppliers, investors and others are also obtained to ensure a fair and complete assessment.

Both external and internal factors are considered by management to identify, evaluate, and potentially mitigate potential risks. External factors include economic and industry conditions, regulatory and political environment, change in technology, supply sources, customer demands, among others. Internally, management meets with respective department heads on a monthly basis to update existing risks and identify potential ones. Since April 2016, a risk register has recorded different risk, ranked in accordance with the seriousness and likelihood of the risks, and recommended actions for grades of risk.

On the other hand, a comprehensive internal control manual has been established in 2016 to ensure our staff members follow the standards and procedures. Our management also periodically updates the manual to ensure the effectiveness of our internal control system.

Fraud Risk Management and Anti-Corruption

Fraud risk management includes prevention, detection and response. It begins with the Board and management, and extends to every member of our Group. The Board identifies, evaluates, and tests the design and operating effectiveness of entity-wide fraud controls annually. With assistance from the remuneration committee, the Board also reviews the company's compensation programs and performance evaluation processes, to identify potential incentives and pressures for employees to commit fraud.

Management conducts comprehensive fraud risk assessments to identify ways that fraud and/or misconduct could occur, considering:

i. Fraud schemes and scenarios that are common to the industry sectors and markets in software development

ii. Culture of Chinese customers

iii. Unusual, or complex transactions subject to significant management influence

iv. Degree or estimates and judgments in financial reporting

v. Last minute transactions near year end

vi. Vulnerability to management override and potential schemes to circumvent existing control activities

Anti-corruption is included within the Group's "Fraud Risk Management System", which details prevention, detection and response of various scenarios. New staff members who are in management level or above are required to declare conflict of interest in writing according to our employment policy. Regular trainings and internal communication channels are also in place to continuously promote fraud prevention and anti-corruption to employees of all levels.

Whistleblowing

A whistleblowing policy is clearly stated within our Staff Handbook and allows our stakeholders to provide relevant information to our management and Board. Our staff members are recommended to immediately report any suspicious behavior or violation of laws and/or regulations committed by other staff to management, through anonymous or confidential reporting channels. Our whistleblowing policy aims to deter all personnel from engaging in dishonest, illegal or unethical acts.

Confidentiality

Confidentiality is an expectation for each of our staff members. It is stressed upon during their induction training, and is carefully explained within its own section in the Staff Handbook, which is distributed to every staff member. New staff members who are in management level or above have to sign a staff declaration of confidentiality to ensure new staff members understands and uphold our confidentiality policy. Our staff members are expected to withhold all confidential information regarding our business operations and information relating to our suppliers, subcontractors or customers.

Product Responsibility

Quality management and assurance is the foundation of our business. For CHerish, it starts at the top management and extend beyond our own operations. As one of our three major commitment categories, "Enhancing Our Quality" laid out few commitments to quality assurance that have been developed and continuously monitored by our top management. Quality assurance extends to our suppliers and sub-contractors, to ensure their services and products are guaranteed through several monitoring and evaluation measures.

All quality standards apply throughout a project's lifecycle, and specialised talents would be utilised for specialised projects for compliance purposes. Our quality management system ensures that project handover is smooth and complete, and it allows us to evaluate our work through clients' satisfaction indicators.

Quality Management System

To maintain consistent services to the customers, the Company have established formal quality management system within its IMS, which is certified to be in compliance with the requirements of ISO9001:2015 quality standards. It specifies, among other things, specific work procedures for performing different types of site works, management process, responsibilities of personnel of different levels, tendering process, cost control, quality inspection procedures and standards, subcontracting requirements and accident reporting and complaints and work procedures for operating different types of machinery and equipment. Our workers and subcontractors are required to follow such procedures.

Supply Chain Management

The quality of our products and services stem from our supply chain, hence supply chain management is an integral part of our business operations and we handle it very seriously. Our supply chain is divided into three major areas, namely supplier relations, sub-contractor relations, and purchase of material and machinery. All three areas are carefully monitored and evaluated to guarantee the quality of our work, safety of our people, and environment of our surroundings.

Supplier and sub-contractor relations are similar with regards to our monitoring and evaluation process. This year, annual performance evaluations are set up for all our suppliers and sub-contractors. Based on the evaluation, we prepare and regularly review an approved supplier and sub-contractor list. When selecting new suppliers or sub-contractors, we consider their background and previous experience, quality of products and/or services delivered, prevailing market price, delivery time and their reputation. All new suppliers or sub-contractors have to be approved by the Directors. First performances are also evaluated for all new suppliers and sub-contractors.

In addition, all our sub-contractors are required to meet our safety requirements. Our project team will monitor and supervise the work of our sub-contractors on an on-going basis until work is completed. Annual performance evaluation shall then be conducted.

Due to the high quantity and cost of our machinery and material purchases, we are particularly careful in handling this aspect. When assessing new machinery purchases, our Directors take the cost of the machinery, depreciation, fuel consumption, durability and effectiveness in increasing our work efficiency into consideration. For purchases of second-hand machineries, dependent upon availability on the market, our Directors would also estimate repair cost for the machinery during its remaining useful life.

When materials or machinery parts are delivered on site, we inspect with great caution. During inspection, we check for correct quantity, observable defects, quality, and functionality, among others. For concrete and steel bar in particular, we conduct a “Slump Test” and “Steel Reinforcing Bar Test” respectively to ensure that all materials are in satisfactory condition and comply with Government standards.

Specialised Work

Specialised talents are required for specialised project works, including blasting works. When blasting works are involved in a project, Blasting Engineers and registered shotfirers are both available and will be seconded to the clients at their request on project basis.

Blasting Engineers are responsible for overseeing all blasting activities, and take full responsibility and overall control over the safety and quality of blasting works. They also assist our clients in preparing a method statement, which describes the method, procedures and safety precautions of drilling and blasting works, for the application of blasting permits for the Mines Division of CEDD. Blasting Engineers are also responsible for preparing blast designs, which set out the blast productivity, types of explosives, initiation systems to be used, and protective and precautionary measures with reference to the geological condition of the works site.

On the other hand, registered shotfirers, whose qualification is approved by the Mines Division of CEDD, are qualified to use explosive and administer shot-firing equipment for charging and firing. They also assist the Blasting Engineers in supervising and monitoring the blasting operations.

Monitoring and Verification

Our monitoring and verification processes occur throughout the course of the project lifecycle. Our operation managers are required to communicate quality of work carried out, progress of work, worker job performance, request of machinery or labour, and other matters related to ongoing projects. Progress meetings are held once every two weeks between project manager and our Directors, to report on the progress of existing projects. Progress inspections shall be conducted and results of which shall be compared with those of progress report, to check for variance.

Upon completion of projects, senior management is responsible to monitor the progress of each project, and arrange handover with our clients or developers. If our clients or developers consider that the work of our Company carried out is completed and satisfactory, senior management would inform our Directors and arrange for pulling out from the project upon approval from Directors. If our customers consider that there might be a defect on our work, senior management would arrange to rectify the deficiency as soon as possible. After the defect has been rectified, senior management would arrange for handover again. The Architect or the Clerk of work from the client would then issue a Practical Completion Certificate to confirm the status of completion.

Machineries are usually sent back to the warehouse for repair and maintenance after each project, if there is no subsequent need from other projects. Routine maintenance procedures, such as injecting lubricants and dust-cleaning are performed on an on-going basis to ensure smooth operations. Minor repairs and examinations are carried out by our licensed electricians, while major malfunctioning machinery or equipment would be sent back to dealers for repairs.

Client Satisfaction

We gather quality feedback and analyse clients' behavior through client feedback and complaints, client satisfaction surveys, and performance indicators, including number of defected and rectified work, and repeat clients. Client feedback and complaints are collected, processed and analysed with statistical processing to determine client satisfaction. Client satisfaction surveys are sent out to our clients every six months. The combined results are presented and discussed with management.

OUR PEOPLE

Our staffs' wellbeing is our primary concern. In addition to ensuring their health and safety, we strive to engage our people across the Group to build a fair and positive work environment to attract and retain talent. We also provide comprehensive training and development programs to help our staff members reach their full potential.

Health and Safety

Ensuring workplace safety and our staff's health and wellbeing is a top priority for our Group. CHerish strives with conscious effort to integrate all reasonably practical safety measures into project planning, to provide safe plant, safe system of works, safety trainings and adequate personal protective equipment. These measures shall safeguard the health and safety of our workers, as well as the general public and any others who may come into contact with our activities.

Legislative and contractual requirements are the basic requirements all our operations and staff members have to abide by. These requirements are made known to all workers involved, through various types of training, including induction training, trade specific and toolbox talks, prior to the commencement of work. Our Group also regularly updates the occupational health and safety information, including changes to legislative regulations, our internal Code of Practice, new identified hazards and new work practices. All relevant statutory requirements associated to health and safety aspects have been fulfilled this year.

A Health & Safety Committee is established to maintain a safety management system which includes the preparation of health and safety plan, risk assessment reports, safety inspections, safety audits, regular safety meetings, written safe working procedures and communication systems. In particular, each project has its own safety plan, which identifies, organises and plans, implements, monitors and reviews all activities of the site operations to protect the health and safety of all personnel engaged on the project. The committee meets every six months, to review safety plans, OHS risk assessment, safety performance, and accident reports and statistics. It also provides recommendation for improvement and arranges for ongoing safety trainings and promotions.

Trainings play a significant role in ensuring the health and safety of our staff members. We are committed to providing continuous health and safety trainings to our workers and to increase their awareness in health and safety aspects. Safety training needs are reviewed by the hazards, trades, sub-contract, job-sequence and location. The trainings will include a brief introduction of the project job nature, main hazards of the works, emergency preparedness and response, incident reporting procedure and personal protective equipment etc. Monitoring and evaluation of relevant training records are conducted. For further information, please see subsequent section on "Training and Development".

Goal: Complete all employees' safety trainings within one year

Goal: Reduce the number of accidents to 3 per year

Goal: Achieve an accident frequency rate of less than 0.6 reportable accidents per 100,000 man-hours worked

Risk Assessment

In addition to risk assessment in corporate governance, we conduct risk assessment for each project as well. This includes job hazard analysis, workplace inspections, accident statistics and independent audits. Qualitative measures of likelihood and consequences are evaluated and distributed into 5 levels of risk, which serves as a guide to different level of urgency of action.

Classification of hazards

Risk control strategies include avoidance, retention, transfer and reduction. The bulk of the risks identified by regular safety inspections will require some form of risk reduction or avoidance through effective risk control management. The control of risk within an organisation required careful planning, and its achievement will involve both temporary and permanent measures.

ENGAGEMENT

Employment and Labour Standards

We believe that the quality of our employees is one of the most important factors in the sustainability of our Group. We intend to use our best effort to attract and retain appropriate and suitable personnel to serve our Group. Our Group assesses available human resources on a continuous basis and determine whether additional personnel are required to facilitate business development of the Group. Our Group offers fair and competitive remuneration package to all employees, including basic salary, discretionary bonuses, other cash subsidies, pension fund, housing allowances, meal allowances, and medical schemes, all of which are based on each employee's qualifications, position and seniority.

Fair treatment is extended to all employees, regardless of gender, race, ethnicity, religion or other forms of diversity, in relations to compensation and dismissal, recruitment and promotion, working hours, rest periods, and other benefits and welfare.

In addition, our Group adopts several practical measures in safeguarding and upholding its labour standards. Background and reference checks are required when employing head office's staff members, management and foreman or above level staff. All personnel files are kept confidential and only designated person can access the information. Timecards are used on construction sites to ensure remuneration is properly documented and based upon actual working hours. These preventive measures ensure that our Group does not and will not knowingly employ or adopt the use of child or forced labour.

We adopt all practical measures to prevent having illegal immigrants from being on our construction sites, and prevent them who are not lawfully employable from taking employment on site. Our Human Resources supervise and inspect all copies of the original Hong Kong identity cards of our recruits, or other documentation or evidence indicating lawful employment is permitted. Our foremen are responsible for inspecting personal identification document of each worker, including the employees of our subcontractors, on site, and shall refuse any person who does not possess proper personal identification document from entering the site. Our Directors confirm that our Group has not been involved in any employment of illegal workers, whether directly or indirectly via subcontracting, to the best of our Director's knowledge and information.

Annual performance appraisal is conducted for each staff members. Immediate supervisors would assess the work performance, and personal strengths and weaknesses of their subordinate staff members throughout the year, for the evaluation of salary adjustments, promotions and bonuses. All reviews are conducted with the staff members and suggestions for improvements are proposed for next year's performance. Staff members are encouraged to seek guidance from their immediate supervisor for any questions or concerns relating to their work and performance.

Our Group welcomes any positive and constructive comments and suggestions our staff members have, in enhancing the Group's service, work environment and others. An employee suggestion box and a designated email address are in place and are accessible to all staff members. All constructive comments will be given feedback and our Human Resources department will treat each comment in confidence.

Work-Life Balance

In addition to providing a competitive remuneration and benefits package, our Group also promotes work-life balance including family leave and medical benefits. This year, we have organised and encouraged our staff to actively participate in a few recreational activities to enhance the sense of belonging and team spirit.

This year, our Group sponsored the "Education Hike: Climate Discovery 2016 @ Tai O" event, where several staff members joined CarbonCare InnoLab on a two-hour hike following the Keung Shan Country Trail and Lantau Trail. Educational checkpoints were set up along the hiking trails where our staff learned about climate change, ecological conservation and measures of disaster prevention in Tai O. Our Group will continue to support programs that tackle and promote the education of climate change in Hong Kong.

* *Source: CarbonCare InnoLab*

Our management and staff members joined the "Education Hike: Climate Discovery 2016" event in November.

Community Investment

As a celebration to being listed on the Main Board of the Hong Kong Stock Exchange, our Group has donated HK$1 Million to The Community Chest of Hong Kong's "Stock Code Balloting for Charity Scheme". We wish that our donation would allow the Community Chest of Hong Kong to reach out to more beneficiaries in Hong Kong through over 150 member social welfare agencies.

Ms. Choi Chun Chi Sandy (right), our Executive Director presented a HK$1 million donation to Mr. Vernon F Moore, Board Member of The Community Chest of Hong Kong

Training and Development

Quality trainings are central to developing our staff professionally and personally. They help our staff prepare for the aggressive plans for our business, and motivate them to adopt a culture of lifelong learning. Our Directors ensure that our staff members are employed with proper education, training and experience to fit specified job, and ongoing and appropriate trainings are provided to all staff members.

Suitable trainings are provided to our staff accordingly. Training shall include internal and external seminars, lectures, courses or other forms of structured learning. It may also take the form of practical on-job training. Orientations are provided for all new staff members. Our independent occupational safety consultant and main contractors at our sites would provide on-site occupational safety trainings at each construction site to all construction staffs. For construction staffs, the induction sessions on the background information of safety or safety training are provided by the Safety Officer from the main-contractor. Quality, Safety and Environmental Manager will also provide regular training to site workers for updating industry requirement. All members are responsible to ensure that they have received appropriate safety training and have a clear understanding of their training material prior to arriving at the site.

Management also attends training from external consultants regarding regulatory and economic environment, and respective changes. Adequate training are also provided to management staff with respect to the Company's Integrated Management System.

Special training requirements are also accommodated on a case-by-case basis. Staff members are encouraged to explore their training options internally and externally. Supervisors would act as mentors to review an individual's progress and support each member with trainings that cater to their development needs.

The effectiveness of training provided is evaluated through staff performance appraisals and training follow-up evaluation. We aim to continually monitor and evaluate our staff members' competency and skills, and provide sufficient trainings to ensure our employees can perform their job functions effectively and efficiently. Staff training records are properly kept and are updated regularly. Copies of all internal and external training certificates are also maintained within the personal file of each employee.

OUR ENVIRONMENT

Our Company is required to comply with Hong Kong laws and regulations with regards to air pollution control, noise control and waste disposal. Environmental protection control measures, especially in air, noise and waste, are specified within our Integrated Management System. An "Environmental Monthly Inspection Checklist" has been developed and the results of which shall be reported with the Directors. During this Reporting Period, our management and Board is not aware of any non-compliance of laws and regulations with regards to environmental protection that have a significant impact on the Group.

The Environment and Natural Resources

Our Group identifies all activities arise from the project sites and office, and lists out all environmental aspects in a "List of Environmental/Significant Aspects". The list identifies potential environmental impacts arising from the work activities, which includes an assessment of normal, abnormal and accidents happened in the past. Each impact derived from the environmental aspects should include both positive and negative impacts. Afterwards, an evaluation shall be carried out to assess the significance of each environmental aspect. All environmental aspects that has related statutory requirements or has an influential environmental impact are considered significant.

This year we have set three goals:

Goal 1: To cap environmental complaint cases to less than 3 cases per quarterly interval
Goal 2: To provide environmental awareness training
Goal 3: To better segregate waste and recycled materials in designated location on project sites

Emissions

Air Quality

The most significant environmental issue at our project sites that we tackle is air emissions. In order to control and monitor emissions of air pollutants and noxious odour from construction, industrial and commercial activities, we could employ a variety of general practice for each area of concerns. We ensure that sufficient measures are adopted on all activities to reduce air pollutants and dust emissions.

Area of Concerns	**General Practice**
Excavation or Earthwork	• Assure that the exposed surface is wet prior to, during and after excavation works • Water the work area if necessary • Cover the exposed surface in area where watering is possible • Compact the exposed surface whenever possible
Structural Steel Work	• Enclose the drilling point during drilling with plastic sheeting mounted on scaffolding • Carry out water spraying on the drilling area if possible • Carry out dust suction at source if necessary
Plant, Equipment and Vehicle Maintenance	• Carry out regular maintenance on all equipment, especially for welding equipment • Stop the engine while the vehicle is stationary • Regular vehicle maintenance to reduce smoke emission • All engines shall be turned off on site when they are not in use • Use diesel of good quality so as to prevent generation of dark smoke

Area of Concerns	General Practice
Hauling of Construction Materials	• Cover the dusty materials on vehicles before transported out of the construction site. The cover shall be properly secured and extended over the edges of the side and tail boards • Water any unpaved areas used by site traffic and active construction areas • Dampen the materials before transportation • Wash off any dust or mud away from the wheels of the vehicles before leaving the site
Storage of Chemicals	• Appoint a licensed chemical waste collector to transport the engine oil • During the process of changing the engine oil, assure that no oil is spilled onto the ground • For storage of engine oil onsite, register as chemical waste producer at the Environmental Protection Department (EPD) and follow the rules specified on the Waste Disposal (Chemical Waste) (General) Regulation

Noise Control

Several work procedures are in place to control the noise level from our work. We ensure all works are undertaken in accordance with permitted work hours as specified by each project. This minimises the chance of any noise complaints after hours. We install acoustic barriers as required, and carry out inspection and maintenance of all equipment before use, to ensure we work within the permitted noise level. Noise level is also considered when selecting and purchasing equipment whenever possible, such as electric vibratory poker for concreting.

Management of Explosive

Usage of explosives are properly managed at each stage. Type and amount of explosives are calculated and set out during the preparation of the blast design. Purchases of explosives are ordered to the exact amount of quantity required. Only approved suppliers would be chosen for purchases. Only registered shotfirers, approved by the Mines Division of CEDD, are qualified to use explosives and administer shot firing equipment. Our Group does not store any explosive on any project site or in any facility.

Waste Disposal

Waste disposals are controlled through treatment, reprocessing and recycling of wastes. Waste is segregated into municipal solid wastes and construction wastes before transporting to separate landfills. Our project teams designate sufficient area for storage of different types of waste. Chemical waste are stored in its own designated area with labels. In such case, a licensed chemical waste collector would be appointed for the collection and transport of chemical waste to licensed waste treatment centre.

Materials are fully utilised to avoid the generation of abandoned materials as waste. Carefully calculated amount of construction material is ordered prior to the commencement of each project. Also, excess materials would be utilised effectively in other related aspects or location.

On the other hand, CHerish has established and maintained procedures designed to control the risks arising from handling, storage, use and disposal of substances hazardous to health. Specific safety trainings have been conducted to relevant personnel for handling hazardous substances.

Use of Resources

Water and Energy Usage

Water is mainly used for dust suppression and cleaning within our operations. We have provided some basic environmental guidelines for the handling and disposal of site water discharges. Our Group observes general practice to maintain water quality, and we would continue to seek effective measures in minimising our water use, recycling, and treating waste water within our operations.

Various types of oil, including diesel and petroleum, are purchased from credible suppliers, for the proper function of machineries on site. The Group maintains record of all purchases. If unwarranted fluctuations are observed, remedial actions would be taken as soon as possible.

In addition, the Group also encourages our staff members to reduce electricity usage at the office. The air conditioning in the office is maintained at 25 degrees Celsius. Employees are reminded to switch off all unnecessary equipment, including their computers, when they are not in use or after office hours. We will continue to seek for further energy reduction and energy efficient measures to improve our office environment.

CORPORATE GOVERNANCE PRACTICES

CHerish Holdings Limited (the "Company") and its subsidiaries (collectively 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 of directors (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 Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

In the opinion of the directors of the Company (the "Director(s)"), the Company has complied with all code provisions as set out in the CG Code between 17 October 2016 (the "Listing Date") and 31 March 2017 and, where appropriate, the applicable recommended best practices of the CG Code.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed, upon specific enquiries made by the Company that they have complied with the required standard set out in the Model Code during the period from the Listing Date to 31 March 2017. To ensure Directors' dealings in the securities of the Company (the "Securities") are conducted in accordance with the Model Code and securities code of the Company, a Director is required to notify the chairman of the Board (the "Chairman") in writing and obtain a written acknowledgement from the Chairman prior to any dealings in the Securities.

BOARD OF DIRECTORS

Composition of the Board

Up to the date of this annual report, the Board consists of six Directors, which comprises three executive Directors and three independent non-executive Directors. The composition of the Board during the period and up to the date of this annual report was as follows:

Executive Directors:
Mr. Tang Man On *(Chairman)*
Mr. Kwok Hoi Chiu *(Chief Executive Officer)*
Ms. Choi Chun Chi Sandy

Independent Non-executive Directors:
Mr. Cheung Wai Lun Jacky
Mr. Lee Chi Ming
Mr. Tang Chi Wai

The biographies of the Directors are set out in "Biographical Details of Directors and Senior Management" on pages 10 to 12 of this annual report.

The directors have given sufficient time and attention to the Group's affairs. The directors have disclosed to the Company annually the number and the nature of offices held in public companies or organisations and other significant commitments. The board believes that the balance between executive directors and independent non-executive directors is reasonable and adequate to provide sufficient balances that protect the interests of the shareholders and the Group.

CORPORATE GOVERNANCE REPORT

FUNCTIONS OF THE BOARD AND MANAGEMENT

The Board is responsible for the overall management of the Group, which includes controlling resources allocation of the Company and leading the Company to strive for success. It oversees the Group's businesses, strategic decisions, internal control, risk management and performances. The management team is delegated with the authority and responsibility by the Board for the daily management of the Group. The delegated functions and work tasks are periodically reviewed. Major corporate matters that are specifically delegated by the Board to the management include (1) the preparation of interim and annual reports and announcements for the Board's approval before publishing; (2) implementation of adequate systems of internal controls and risk management procedures; and (3) compliance with relevant statutory and regulatory requirements and rules and regulations. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The Board has maintained the necessary balance of skills and experience appropriate for the business requirements and objectives of the Group and for the exercise of independent judgement. Directors with various professional qualifications experience and related financial management expertise have contributed to the effective direction of the Company and provided adequate checks and balances to safeguard the interests of both the Group and the shareholders. Hence, the Board believes that the current Board composition satisfy with the corporate governance requirements of the Group with regard to the balance of expertise, skills and experience as well as the ongoing development and management of its business activities.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Company, and to review and approve the Company's interim and annual results. During the period from the Listing Date to 31 March 2017, 2 Board meetings were held and the attendance of each Director at the Board meetings is set out in the section headed "Board and Committees Meetings" of this report.

Regular Board meetings for each year are scheduled in advance to facilitate maximum attendance of Directors. All Directors are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying Board papers are normally sent to Directors at least three days before the intended date of a Board meeting. Draft minutes of each Board meeting are circulated to Directors for their comment before being tabled at the next Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Pursuant to articles of association of the Company, all Directors appointed to fill a causal vacancy shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at the meeting. At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years.

Save for the family relationships disclosed in the Biographical Details of Directors and Senior Management set out on pages 10 to 12 of this annual report, the Directors do not have any material financial, business or other relationships with one another.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a term commencing from the 17 October 2016, the listing date of the shares of the Company (the "Listing Date") and ending on the date of the 2018 annual general meeting of the Company. Either party has the right to give not less than three months' written notice to terminate the respective service contract.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term commencing from the Listing Date and ending on the date of the 2017 annual general meeting of the Company.

In compliance with the code provision A.4.2 of the CG Code, all Directors appointed to fill a casual vacancy should be subject to election by the shareholders at the first general meeting after their appointment. By virtue of article 83 of the articles of association of the Company, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but the number of Directors so appointed shall not exceed the maximum number determined from time to time by the shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

In compliance with the code provision in A.4.2 of the CG Code, all Directors are subject to retirement by rotation at least once every three years. Furthermore, pursuant to article 84(1) of the articles of association of the Company, at each annual general meeting one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

By virtue of article 84(1) and 84(2) of the articles of association of the Company, Ms. Choi Chun Chi Sandy, Mr. Cheung Wai Lun Jacky, will retire by rotation at the forthcoming annual general meeting and being eligible, will offer themselves for re-election.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman is Mr. Tang Man On and the chief executive officer (the "CEO") is Mr. Kwok Hoi Chiu. The roles of the Chairman and the CEO of the Group are clearly defined and segregated to ensure independence and proper checks and balances. The Chairman focuses on formulating business strategies and direction of the Company and has executive responsibilities, provides leadership for the Board and ensures proper and effective functioning of the Board in discharging of its responsibilities. The CEO is accountable to the Board for the overall implementation of the Company's strategies and the co-ordination of overall business operations.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The board consists of three executive directors and three independent non-executive directors, including one independent non-executive director who has professional qualification, experience and expertise in accounting, finance or legal field. The names and biographical details of each director are set out in “Biographical Details of Directors and Senior Management” on pages 10 to 12 of this annual report. The Company has received confirmation of independence from all three Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules.

The Board has reviewed the independence of all Independent Non-Executive Directors and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the Independent Non-Executive Directors has been impaired up to the date of this report.

DIRECTORS’ INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Upon appointing a new Director, each new Director receives an induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors, on an ongoing basis, will receive updates on the relevant laws, rules and regulations. In addition, the Company encourages the Directors to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, Hong Kong Companies Ordinance and corporate governance practices so that they can continuously acquire their relevant knowledge and skills. In May 2016, the Company organised training on duties and responsibilities of directors and seminar on updated laws and regulations for Directors. The Company has also provided reading materials to all Directors to develop and refresh their professional knowledge.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy (the “Policy”) in April 2016 which sets out the basis to achieve diversity on the Board.

The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in supporting the attainment of the Company’s strategic objectives and sustainable development.

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

The Board will consider setting measureable objectives to implement the policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

As at the date of this report, the Board comprises six Directors, amongst them, three are Independent Non-Executive Directors, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, regardless in terms of age, professional experience, skills and knowledge.

The nomination committee will review the policy from time to time to ensure its continued effectiveness.

AUDIT COMMITTEE

An Audit Committee has been established by the Board with specific written terms of reference. Pursuant to the Audit Committee’s terms of reference, the Audit Committee is authorised to commit Company funds in order to obtain advice from outside legal counsel, accountants, investigatory services or other expert advice. Details of the authority and responsibilities of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The Audit Committee comprises three Independent Non-Executive Directors, namely Mr. Tang Chi Wai, Mr. Cheung Wai Lun Jacky and Mr. Lee Chi Ming. Mr. Tang Chi Wai is the chairman of the Audit Committee.

During the period from the Listing Date to 31 March 2017, one Audit Committee Meeting held. On 24 November 2016, the Audit Committee held a meeting to review the interim results for the six months ended 30 September 2016 and risk management and internal control systems. On 22 June 2017, the Audit Committee held a meeting to review the final results for the year ended 31 March 2017 before their submission to the Board and monitored the integrity of such financial statements. The attendance of each member of the Audit Committee is set out in the section headed “Board and Committees Meetings” of this report.

REMUNERATION COMMITTEE

A Remuneration Committee has been established by the Board with specific written terms of reference and the majority of the members of the Remuneration Committee are Independent Non-Executive Directors. Details of the authority and responsibilities of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee comprises three Independent Non-Executive Directors, namely Mr. Cheung Wai Lun Jacky, who is the chairman of the Remuneration Committee, and Mr. Tang Chi Wai and Mr. Lee Chi Ming.

During the period from the Listing Date to 31 March 2017, no Remuneration Committee meeting was held. On 22 June 2017, the Remuneration Committee held a meeting to approve the remuneration packages and performance bonuses for the Directors and senior management of the Company.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the member of the senior management by band for the year ended 31 March 2017 is set out below:

Number of Personnel	Remuneration (HK$)
2	500,001 to 1,000,000
1	Nil to 500,000

Further particulars regarding directors’ remuneration as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in note 12 to the financial statements.

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

Each of the Directors will receive a fee which is subject to an annual adjustment at a rate to be reviewed by the remuneration committee and be determined at the discretion of the Board. The Company’s policy concerning the remuneration of the Directors is that the amount of remuneration is determined by reference to the relevant Director’s experience, responsibilities, workload and the time devoted to the Group. The Group has adopted incentive bonus schemes and continues to maintain these schemes, seeking to align the financial well-being of the Group with that of the employees, and to retain the Directors and staff of high caliber.

NOMINATION COMMITTEE

A Nomination Committee has been established by the Board with specific terms of reference. The Nomination Committee is responsible for, amongst other things, identifying individuals suitably qualified to become Board members, considering the re-appointment of the Directors and succession planning for Directors and making recommendations to the Board in respect of the aforesaid matters and assess the independence of independent non-executive Directors. Details of the authority and responsibilities of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee comprises three Independent Non-Executive Directors, namely Mr. Lee Chi Ming, Mr. Cheung Wai Lun Jacky and Mr. Tang Chi Wai. Mr. Lee Chi Ming is the chairman of the Nomination Committee.

During the period from the Listing Date to 31 March 2017, no Nomination Committee meeting was held. On 22 June 2017, the Nomination Committee has reviewed the structure, size, composition and diversity of the Board and concluded that members of the Board have possessed the expertise and independence to carry out the Board’s functions and responsibilities and make recommendation to the Board on the re-appointment of Directors and assess the independence of independent non-executive Directors.

CORPORATE GOVERNANCE REPORT

BOARD AND COMMITTEES MEETINGS

The individual attendance records of each Director at the meetings of the Board, Audit Committee, Nomination Committee and Remuneration Committee during the period from the Listing Date to 31 March 2017 are set out below:

	Attendance/Number of Meetings Held			
Name of Director	**Board Meeting**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Executive Directors				
Mr. Tang Man On	2/2	–	–	–
Mr. Kwok Hoi Chiu	2/2	–	–	–
Ms. Choi Chun Chi Sandy	2/2	–	–	–
Independent Non-Executive Directors				
Mr. Cheung Wai Lun Jacky	2/2	1/1	–	–
Mr. Lee Chi Ming	2/2	1/1	–	–
Mr. Tang Chi Wai	2/2	1/1	–	–

CORPORATE GOVERNANCE FUNCTION

The Company's corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board, which include (a) develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) review and monitor the training and continuous professional development of directors and senior management of the Company and its subsidiaries; (c) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Company and its subsidiaries; (e) review the Company's compliance with the CG Code and disclosures in the corporate governance report of the Company required to be prepared pursuant to the Listing Rules; and (f) consider, review and decide any other topics, as authorised by the Board.

On 22 June 2017, the Board reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of its corporate governance policy.

ACCOUNTABILITY AND AUDIT

The Board is responsible for overseeing the preparation of financial statements for the year ended 31 March 2017 which gives a true and fair view of the state of affairs of the Group as at 31 March 2017, and of the results and cash flows for year then ended. In preparing the financial statements for the year ended 31 March 2017, the Board has selected appropriate accounting policies, applied them consistently in accordance with the Hong Kong Financial Reporting Standards which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and ensured the preparation of the financial statements on the going concern basis.

The Group endeavours to present a balanced, clear and comprehensive assessment of the Group's performance, position and prospects. The interim and annual results of the Company are announced in a timely manner within the limit of two months and three months, respectively, after the end of the relevant periods in accordance with the Listing Rules.

The Directors have acknowledged their responsibility for preparing all information and representation contained in the financial statements of the Company for the year ended 31 March 2017.

AUDITOR'S REMUNERATION

During the period under review, the remuneration paid/payable to SHINEWING (HK) CPA Limited is set out as follows:

Services rendered	Fee paid/payable HK$'000
Audit services	780
Total	780

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it has overall responsibility for the design and implementation of internal controls which covers financial reporting, operations, compliance and risk management of the Company, as well as continuous monitoring the effectiveness of such internal controls. The Board has delegated such responsibility to the management of the Company. The management, under the supervision of the Board, has established an on-going process for identifying, evaluating and managing significant risks faced by the Group. The Board will review and assess the risk management and internal control systems at least once a year.

The Company has established a risk management policy set out the process of identification, evaluation and management of the principal risks affecting the business. The Company has also established a whistle-blowing policy and system for employees of the Group to raise concerns about possible improprieties in financial reporting, internal control and other matters.

The Audit Committee reviews the internal control and risk management that are significant to the Group on an on-going basis. The Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, as well as their training programmes and budgets.

The Company does not have an internal audit function and its currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. Nevertheless, the Company engaged an external professional firm to carry out internal audit function.

During the period, the Company has engaged an external adviser to review its internal control procedures and make recommendations to the Board any improvements that can be made to the existing internal control procedures. The review covers the effectiveness of material controls on financial and operational aspects well as risk management functions across the Group. The internal control and accounting system of the Group have been in place and functioning effectively for the year under review.

The Board is satisfied that the internal control and risk management systems in place covering all material controls including financial, operational and compliance controls and risk management functions for the year under review and up to the date of issuance of the annual report is reasonably effective and adequate.

DISSEMINATION OF INSIDE INFORMATION

The Company is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information about the Group. The Company has adopted a Policy on Disclosure of Inside Information which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. With those guidelines and procedures, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure.

COMPANY SECRETARY

Ms. Lee Ka Man ("Ms. Lee") of Fair Wind Secretarial Services Limited was appointed as the Company Secretary of the Company since 14 June 2016. Ms. Lee is an associate member of both the Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.

Ms. Lee is not an employee of our Group and Mr. Lam Sing Hon, our Financial Controller, is the person whom Ms. Lee can contact for the purpose of code provision F.1.1 of the Code.

During the period, Ms. Lee has undertaken not less than 15 hours of relevant professional training in accordance with the Listing Rules.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company aims to provide its shareholders and investors with high standards of disclosure and financial transparency. The Board is committed to provide clear and detailed information of the Group to its shareholders in a timely manner and on a regular basis, through the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements.

The general meetings of the Company provide a forum for communication between the Board and the Company's shareholders. The Chairman of the Board and other members of the respective committees are available to answer questions of the shareholders at the general meeting. The Company recognises the importance of maintaining on-going communications with the shareholders and encourages them to attend general meetings to stay informed of the Group's businesses and convey any concerns they may have to the Directors and senior management.

The Company maintain a website at http://www.cherishholdings.com where extensive information and updates on the Company's financial information, corporate governance practices and other useful information are posted and available for access by the public investors.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting and to put forward proposal at general meetings.

Pursuant to Article 58 of the articles of association of the Company, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more members holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Article 85 of the articles of association of the Company provides that no person other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The written notice must state that person's biographical details as required by Rule 13.51B(1) of the Listing Rules. The procedures for shareholders of the Company to propose a person for election as director is posted on the Company's website.

Shareholders' enquires and Proposals

Shareholders should direct their enquiries about their shareholdings to the Company's branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, or call its customer service hotline at (852) 2980 1333.

Shareholders may also make enquiries to the Board at the annual general meetings of the Company.

INVESTOR RELATIONS

The public are welcomed to give their comments and make enquiries through the Company's website and by means of emails to the investor relations department (email address: info@cherishholdings.com). The management always provides prompt responses to any such enquiries.

CONSTITUTIONAL DOCUMENTS

The Company has published its memorandum of association and the Articles on the respective websites of the Stock Exchange and the Company. Since the Listing Date and up to 31 March 2017, no amendments were made to the constitutional documents of the Company.

REPORT OF DIRECTORS

The Board takes pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is principally engaged in provision of site formation works. There were no significant changes in the nature of the principal activities of the Group during the year.

GROUP REORGANISATION

The Company was incorporated in the Cayman Islands on 31 March 2016 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised), of the Cayman Islands. In preparation of the Listing, the companies now comprising the Group underwent the corporate reorganisation (the "Reorganisation") pursuant to which the Company became the holding company of the Group on 20 September 2016. For details of the Reorganisation, please refer to the paragraph headed "History and Development" in the Prospectus. The Company's shares have been listed on the Stock Exchange since 17 October 2016.

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development and description of possible risks and uncertainties that the Group may be facing are provided in the Chairman's Statement, Management Discussion and Analysis and Report of Directors sections of this annual report. Also, the financial risk management objectives and policies of the Group can be found in note 6 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Management Discussion and Analysis section on pages 6 to 9 of this annual report. In addition, discussion on the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are set out below.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS, SUPPLIERS AND OTHERS

The Group is not aware of any key relationships between itself and its employees, customers, suppliers and others that have a significant impact on the Company and on which the Company's success depends.

RESULTS AND APPROPRIATIONS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 49 of this report. No dividend was paid or proposed by the Company during the year, nor has any dividend been proposed by the Directors since the end of the year.

CLOSING OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 4 September 2017 to Thursday, 7 September 2017, both days inclusive, during which no transfer of shares will be effected. In order to qualify for attendance of annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 1 September 2017.

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the Reporting Period (2016: HK$Nil).

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, business and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group:

The amount of revenue derive from a project may be higher or lower than the original contract sum due to factors such as variation orders

The aggregate amount of revenue derive from a project may be different from the original contract sum specified in the relevant contract for the project due to factors such as variation orders (including additions, reductions and/or other changes in the scope of the works) placed by customers from time to time during the course of project execution. As such, there is no assurance that revenue from projects on hand will not be substantially lower than the original contract sum as specified in the relevant contracts and hence, the Group's profitability will be adversely affected.

Keen competition

Due to slowdown of Hong Kong economy, the competition of construction industry has become more intense as there will be a foreseeable reduction of number of construction projects available for our tendering. To increase the chance of success in winning the tender bidding, the Group will lower its profit margin, which will affect its profit for the coming year.

Error or inaccurate estimation of project duration and costs when determining the tender price may result in substantial loss incurred

Construction contracts and in particular public projects are normally awarded through a competitive tendering process. The Group determine a tender price by estimating the construction costs under the contract duration as specified in the tender invitation documents. There is no assurance that tenders submitted by the Group contain no mistake and error. Such mistakes and errors may be in the form of inaccurate estimation, oversight of important tender terms, inadvertent typographical errors, errors in calculations, etc. In case of contracts awarded to the Group with mistakes or errors in the submitted tender, the Group may be bound by the contract to undertake the project at a substantial loss.

Inaccurate estimation on project schedule, project costs and technical difficulties in the tendering process may result in cost overruns when the Group actually execute the awarded project. Many factors affect the time taken and the costs actually involved in completing construction projects undertaken by the Group. Examples of such factors include shortage and cost escalation of labour and materials, difficult geological conditions, adverse weather conditions, variations to the construction plans instructed by customers, stringent technical construction requirements, threatened claims and material disputes with main contractors, subcontractors and suppliers, accidents, and changes in the Government's policies. Other unforeseen problems or circumstances may also occur during project implementation. If any of such factors arises and remains unresolved, completion of construction works may be delayed or the Group may be subject to cost overruns or our customers may even be entitled to unilaterally terminate the contract.

PLANT AND EQUIPMENT

Details of movements in the plant and equipment of the Company and the Group during the Reporting Period are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the Reporting Period in the share capital of the Company are set out in note 26 to the consolidated financial statements.

REPORT OF DIRECTORS

CHARITABLE DONATIONS

Charitable and other donations made by the Group during the Reporting Period amounted to HK$1,041,000 (2016: HK$54,000).

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity.

As at 31 March 2017, the Company has reserves available of HK$148.3 million (2016: HK$45.2 million).

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

Executive Directors	
Mr. Tang Man On *(Chairman)*	(appointed on 31 March 2016)
Mr. Kwok Hoi Chiu	(appointed on 31 March 2016)
Ms. Choi Chun Chi Sandy	(appointed on 31 March 2016)
Independent Non-executive Directors	
Mr. Cheung Wai Lun Jacky	(appointed on 20 September 2016)
Mr. Lee Chi Ming	(appointed on 20 September 2016)
Mr. Tang Chi Wai	(appointed on 20 September 2016)

In accordance with the articles of association of the Company, Ms. Choi Chun Chi Sandy and Mr. Cheung Wai Lun Jacky, will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

The Directors' biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" in this report.

Information regarding Directors' emoluments is set out in note 12 to the consolidated financial statements of this report.

An annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules has been received from each of the independent non-executive director and the Company considers all the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for a term commencing from the Listing Date and ending on the date of the 2018 annual general meeting of the Company, unless terminated by not less than six months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a service contract with the Company for a term commencing from the Listing Date and ending on the date of the 2017 annual general meeting of the Company, unless terminated by not less than six months' notice in writing served by either party on the other.

None of the Directors, including those to be re-elected at the forthcoming annual general meeting, has a service contract which is not determinable by the Group within one year without the payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY OF DIRECTORS

The Company's articles and association provides that the directors shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses incurred or sustained by or by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

DIRECTORS' INTERESTS IN CONTRACTS

Apart from the contracts relating to the reorganisation of our Group in relation to the Listing and save as disclosed in this report, no transactions, arrangements and contracts of significance in relation to our Group's business to which the Company or any of its subsidiaries was a party and in which the Director or an entity connected the Director had a material interest, whether directly or indirectly, subsisted at any time during the Reporting Period.

CONTROLLING SHAREHOLDERS' INTEREST

Apart from the contracts relating to the reorganisation of our Group in relation to the Listing and save as disclosed in this report, no contracts of significance were entered into between the Company or any of its subsidiaries and any Controlling Shareholders or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by any Controlling Shareholders or any of its subsidiaries.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of our Group are set out in notes 12 and 13 to the consolidated financial statements in this report.

EMOLUMENT POLICY

The remuneration committee will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to our Group and the performance of our Group. The Directors may also receive options to be granted under the Share Option Scheme.

RETIREMENT BENEFITS SCHEMES

Particulars of the retirement benefits schemes of the Group are set out in note 30 to the consolidated financial statements.

COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders 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 our Group which competes or is likely to compete, directly or indirectly, with our Group's business during the Reporting Period and up to the date of this report.

DEED OF NON-COMPETITION

The deed of non-competition dated 20 September 2016 has been entered into by the Controlling Shareholders in favour of the Company. Pursuant to which the Controlling Shareholders have undertaken, jointly and severally, to the Company that they would not, and that their close associates and/or companies controlled by the Controlling Shareholders would not, directly or indirectly, either on their own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, agent or otherwise) any business which is or may be in competition with the existing core business of our Group. The Covenantors have provided to the Company all information necessary for the annual review by the independent non-executive Directors and the Covenantors have confirmed to the Company that each of the Covenantors and his/its associates have not breached the terms of the undertakings contained in the Non-Competition Deed. All independent non-executive Directors confirmed that they are not aware of any non-compliance with the Non-Competition Deed by the Covenantors since the effective date of the Non-Competition Deed and up to the date of this report. Details of the non-competition deed are set out in the paragraph headed “Non-Competition Undertaking” in the section headed “Relationship with our Controlling Shareholders” of the Prospectus.

DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 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 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/interested	Percentage of interest
Mr. Tang Man On (Notes 2, 3, 4 and 5)	Interest of a controlled corporation	555,000,000(L) (Note 1)	72.29%
Ms. Choi Chun Chi Sandy (Notes 2, 3, 4 and 5)	Interest of a 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 75.00% (before the exercise of the Over-allotment Option) to 72.29%.

Interest on associated corporation

Name of Director	Name of associated corporation	Capacity/Nature	Number of Shares held/ interested	Percentage of interest
Mr. Tang Man On	Waterfront Palm Limited	Beneficial owner(Note)	4	40%
Ms. Choi Chun Chi Sandy	Waterfront Palm Limited	Beneficial owner (Note)	5	50%
Mr. Kwok Hoi Chiu	Waterfront Palm Limited	Beneficial owner (Note)	1	10%

Note: Mr. Tang Man On, Ms. Choi Chun Chi Sandy and Mr. Kwok Hoi Chiu beneficially own 40%, 50% and 10% of the issued shares of Waterfront Palm Limited respectively. Waterfront Palm Limited, which holds 72.29% of the Shares in issue, is the holding company of our Company. Each of Mr. Tang Man On, Ms. Choi Chun Chi Sandy and Mr. Kwok Hoi Chiu is an executive Director of CHerish Holdings Limited and a director of Waterfront Palm Limited.

SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 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/interested	Percentage of interest
Waterfront Palm Limited	Beneficial owner	555,000,000(L) (Note 1)	72.29% (Note 2)

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 75.00% (before the exercise of the Over-allotment Option) to 72.29%.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance, to which the Company any of its subsidiaries, its parent company, or its parent company's subsidiaries was a party, and in which a Director or an entity connected with a Director had a material interest, whether directly and indirectly, subsisted at the end of 31 March 2017 or at any time during the Reporting Period.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, the aggregate purchases attributable to the Group's largest supplier and the five largest suppliers in aggregate accounted for 21.2% and 56.1% respectively of the Group's total purchases for the year. Revenue attributable to the Group's largest customer and the five largest customers in aggregate accounted for 28.5% and 77.9% respectively of the Group's total revenue for the year.

None of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any material beneficial interest in the Group's five largest customers and suppliers.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

No purchase, sale or redemption of the Company's listed securities was made from the Listing Date up to the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme (the "Share Option Scheme") as set out below, no equity-linked agreements were entered into by our Group, or existed during the Reporting Period.

SHARE OPTION SCHEME

The Company adopted 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 non-executive 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.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 27 to 35 of this report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company and the laws of Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

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 minimum public float under the Listing Rules since the Listing Date up to the date of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of our Group were entered into or in existence during the Reporting Period.

REPORT OF DIRECTORS

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, there were no connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules. Details of significant related party transactions undertaken in the usual course of business are set out in note 28 to the consolidated financial statement. None of these related party transactions constitute a discloseable connected transaction as defined under the Listing Rules.

AUDITOR

The consolidated financial statements for the Reporting Period have been audited by SHINEWING (HK) CPA Limited ("SHINEWING"). SHINEWING shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment as auditors of the Company will be proposed at the forthcoming AGM. There is no change in auditors since the date of the Listing.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it engages. The Group strives to minimise its impact on the environment by reducing its use of electricity and water and encouraging recycle of office supplies and other materials. The Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, our Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the Reporting Period.

On behalf of the Board
CHerish Holdings Limited

Tang Man On
Chairman
22 June 2017

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF CHERISH HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of CHerish Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 49 to 88, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Accounting for construction contracts

Refer to note 7 to the consolidated financial statements and the accounting policies on page 59.

The key audit matter

For construction companies, there is considerable judgment in assessing the appropriate contract revenue and margin to recognise which in turn affecting the recognition of amounts due from (to) customers for contract work. Revenue and margin are recognised based on the stage of completion of individual contract. Stage of completion was determined on the revenue certified by customers. Estimation of proper margin involves the assessment of the completeness and accuracy of forecast costs to complete.

We have identified the accounting for construction contracts as a key audit matter due to significant judgment is involved in relation to the assessment of total outcome and the stage of completion.

How the matter was addressed in our audit

We have tested revenue recognised under Hong Kong Accounting Standard 11 "Construction Contracts" during the reporting period to ensure the Group's policy on construction contracts is in line with the standard. We have assessed whether the construction revenue recognised was reasonable through inspected the certificate of completion stage issued by customers. We have assessed whether the construction costs recognised was reasonable through critically challenged the forecast costs to complete, contract costs, and the completeness and validity of provisions arising from customer disputes. We have assessed reliability of management's assessment in budget costs by considering the historical actual costs and estimation of budget costs of completed projects.

Recoverability of trade and retention receivables

Refer to note 18 to the consolidated financial statements and the accounting policies on pages 63 to 64.

The key audit matter

The Group has trade and retention receivables of approximately HK$22,795,000 as at 31 March 2017.

We have identified the recoverability of trade and retention receivables as a key audit matter due to the significance of the amount and the subjective nature of the calculation because the estimation on which the provision entail a significant degree of management judgment and may subject to management bias.

How the matter was addressed in our audit

We have reviewed the management's assessment of recoverability of trade and retention receivables. We have discussed the indicators of possible impairment with the management and, where such indicators were identified, assessed the management's impairment testing.

We have challenged the assumptions and critical judgment used by the management in assessing the reliability of the management's past estimates and taking into account the ageing at year end, credit-worthiness of the customers and cash received after the end of the reporting period.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Hon Kei, Anthony.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Hon Kei, Anthony
Practising Certificate Number: P05591

Hong Kong
22 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Revenue	7	**266,167**	210,046
Cost of sales		**(216,346)**	(167,546)
Gross profit		**49,821**	42,500
Other income	8	**419**	515
Administrative expenses		**(22,739)**	(8,041)
Finance costs	9	**(356)**	(375)
Profit before taxation		**27,145**	34,599
Income tax expense	10	**(7,399)**	(6,175)
Profit and total comprehensive income for the year	11	**19,746**	28,424
Earnings per share (HK cents)			
– Basic and diluted	15	**0.29**	0.47

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Plant and equipment	16	29,958	21,910
Deposits paid for purchase of plant and equipment		1,177	–
		31,135	21,910
Current assets			
Amounts due from customers for contract work	17	43,184	19,822
Trade and other receivables	18	24,346	32,687
Amounts due from directors	19	–	93
Restricted bank balances	20	2,571	–
Bank balances and cash	21	98,165	52,220
		168,266	104,822
Current liabilities			
Amounts due to customers for contract work	17	2,583	29,508
Trade and other payables	22	25,516	31,796
Unsecured bank borrowings	23	–	248
Obligations under finance leases – due within one year	24	5,170	3,391
Tax payable		2,061	10,777
		35,330	75,720
Net current assets		132,936	29,102
Total assets less current liabilities		164,071	51,012
Non-current liabilities			
Obligations under finance leases – due after one year	24	5,101	3,547
Deferred tax liabilities	25	2,952	2,263
		8,053	5,810
Net assets		156,018	45,202
Capital and reserves			
Share capital	26	7,678	–
Reserves		148,340	45,202
Total equity		156,018	45,202

The consolidated financial statements on pages 49 to 88 were approved and authorised for issue by the board of directors on 22 June 2017 and are signed on its behalf by:

Tang Man On *Director*	**Kwok Hoi Chiu** *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital HK$'000	Share premium HK$'000 (note a)	Merger reserve HK$'000 (note b)	Retained profits HK$'000	Total HK$'000
At 1 April 2015	–	–	–	36,778	36,778
Profit and total comprehensive income for the year	–	–	–	28,424	28,424
Dividends recognised as distribution (note 14)	–	–	–	(20,000)	(20,000)
At 31 March 2016 and 1 April 2016	–	–	–	45,202	45,202
Profit and total comprehensive income for the year	**–**	**–**	**–**	**19,746**	**19,746**
Dividends recognised as distribution (note 14)	**–**	**–**	**–**	**(19,000)**	**(19,000)**
Capitalisation issue of shares (note 26(e))	**6,000**	**(6,000)**	**–**	**–**	**–**
Arising from reorganisation (note 26(c))	**–**	**–**	**–**	**–**	**–**
Shares issued under share offer (note 26(d))	**1,678**	**115,747**	**–**	**–**	**117,425**
Share issue expenses	**–**	**(7,355)**	**–**	**–**	**(7,355)**
At 31 March 2017	**7,678**	**102,392**	**–**	**45,948**	**156,018**

Notes:

a. Under the Company Law (as revised) of the Cayman Islands, the share premium account of the Company is distributable to its shareholders, provided that immediately following the date on which the dividend is proposed to be paid, the Company shall be able to pay its debts as they full due in the ordinary course of business.

b. 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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017 HK$'000	2016 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	27,145	34,599
Adjustments for:		
Bank interest income	(5)	(3)
Finance costs	356	375
(Gain) loss on disposals of plant and equipment	(26)	24
Depreciation of plant and equipment	11,178	7,545
Operating cash flows before movements in working capital	38,648	42,540
Increase in amounts due from customers for contract work	(23,362)	(19,059)
(Decrease) increase in amounts due to customers for contract work	(26,925)	4,032
Decrease (increase) in trade and other receivables	8,341	(21,727)
Increase in restricted bank balances for operating use	(2,571)	–
Decrease in amount due to a related company	–	(57)
(Decrease) increase in trade and other payables	(6,280)	20,460
Cash (used in) from operations	(12,149)	26,189
Income tax paid	(15,426)	–
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(27,575)	26,189
INVESTING ACTIVITIES		
Purchase of plant and equipment	(11,731)	(10,235)
Deposits paid for purchase of plant and equipment	(1,177)	–
Proceeds from disposals of plant and equipment	499	900
Repayment from directors	93	10,390
Interest received	5	3
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(12,311)	1,058
FINANCING ACTIVITIES		
Proceeds from issue of shares	117,425	–
Dividends paid	(19,000)	–
Share issue expenses	(7,355)	–
Repayment of obligations under finance leases	(4,635)	(4,154)
Interest paid	(356)	(375)
Repayment of unsecured bank borrowings	(248)	(1,580)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	85,831	(6,109)
NET INCREASE IN CASH AND CASH EQUIVALENTS	45,945	21,138
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	52,220	31,082
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	98,165	52,220

1. GENERAL AND BASIS OF PREPARATION

CHerish Holdings Limited (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 ("Mr. Tang") and Mr. Kwok Hoi Chiu ("Mr. Kwok") (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 and the principal activities of its subsidiaries (together with the Company, referred to as the "Group") are set out in note 33.

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

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 two years 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 two years ended 31 March 2017 or since their respective dates of incorporation or establishment up to 31 March 2017, using the principles of merger accounting as set out in note 3 below.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows including the results, changes in equity and cash flows of the companies now comprising the Group have been prepared as if the current group structure had been in existence throughout the two years ended 31 March 2017. The consolidated statement of financial position of the Group as at 31 March 2016 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure has been in existence as at 31 March 2016.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)")

For the purpose of preparing and presenting the consolidated financial statements for the two years ended 31 March 2017, the Group has consistently applied all the new and revised HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and interpretations ("Int(s)") issued by the HKICPA which are effective for the Group's financial year beginning on 1 April 2016.

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[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[5]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[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 HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[2]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective dates not yet been determined.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

– All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (CONTINUED)

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 9 (2014) Financial Instruments (Continued)

– With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

– In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014), it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

– HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have an impact on the Group's results and financial position, including the classification categories and the measurement of financial assets and disclosures. For instance, the Group will be required to replace the incurred loss impairment model in HKAS 39 with an expected loss impairment model that will apply to various exposures to credit risk. HKFRS 9 will also change the way the Group classifies and measures its financial assets, and will require the Group to consider the business model and contractual cash flow characteristics of financial assets to determine classification and subsequent measurement. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 (2014) until a detailed review has been completed.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (CONTINUED)

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. Certain costs incurred in fulfilling a contract which are currently expensed may need to be recognised as an asset under HKFRS 15. More disclosures relating to revenue are also required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detail review is completed.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS(s)") (CONTINUED)

New and revised HKFRSs issued but not yet effective (Continued)

HKFRS 16 Leases (Continued)

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 Property, Plant and Equipment, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16. As at 31 March 2017, the Group has non-cancellable operating lease commitments of approximately HK$48,000 as disclosed in note 27. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these lease unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the effect until the Group performs a detailed review.

Amendment 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 fulfill 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.

Amendments to HKAS 7 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted.

The directors of the Company anticipate that the application of Amendments to HKAS 7 will result in additional disclosures on the Group's financing activities, especially reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis.

Historical cost is generally based on the fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries).

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control of the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company.

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

Merger accounting for business combination involving entities under common control

The consolidated financial statements include the financial statements items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Merger accounting for business combination involving entities under common control (Continued)

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or businesses first came under common control at a later date.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for services provided in the normal course of business and net of discounts.

The Group's policy for recognition of revenue from construction services is described in the accounting policy headed "Construction contracts" below.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

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

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefits cost and termination benefits

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

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Current and deferred taxes are recognised in profit or loss.

Plant and equipment

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash in the consolidated statement of financial position comprise cash at banks and on hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Investment in a subsidiary

Investment in a subsidiary is stated on the statement of financial position of the Company at cost less accumulated impairment loss.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

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

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

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

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from directors, restricted bank balances and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment loss on financial assets

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

For loans and receivables, objective evidence of impairment could include:

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

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period, observable changes in national or local economic conditions that correlate with default on receivables.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss on financial assets (Continued)

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Other financial liabilities

Other financial liabilities including trade and other payables, unsecured bank borrowings and obligations under finance leases are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Offsetting financial instruments

Financial assets and liabilities of the Group are offset and the net amount presented in the consolidated statement of financial position when, and only when, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Critical judgements in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Construction contracts revenue recognition

As explained in the significant accounting policy as stated in note 3, revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contracts, with reference to the progress certificate issued by the customers. The Group reviews and revises the estimates of contract revenue, contract costs and variation orders, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of management. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgeted construction costs by comparing the budgeted amounts to the actual costs incurred.

Significant judgement is required in estimating the contract revenue, contract costs and variation work which may have an impact on percentage of completion of the construction contracts and the corresponding profit takes.

Management estimates the contract costs and revenues with reference to the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties are resolved. The estimates of contract costs and revenues are updated regularly and significant changes are highlighted through established internal review procedures. In particular, the internal reviews focus on the timing and recognition of payments and the age and recoverability of any disagreed income from variations to the contract scope or claims. The impact of the changes in accounting estimated is then reflected in the ongoing results.

Key sources of estimation uncertainty

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

Depreciation of plant and equipment

The Group depreciates the plant and equipment over their estimated useful life, using the straight-line method. The estimated useful life reflects the Company's directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment.

Estimated impairment of plant and equipment

The Group assesses annually whether plant and equipment have any indication of impairment, in accordance with relevant accounting policy as stated in note 3. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations if there is any indication of impairment. The calculations and valuations require the use of judgement and estimates on future operating cash flows and discount rates adopted. At the end of the reporting period, the directors of the Company considered that there is no impairment indication and the carrying values of plant and equipment are approximately HK$29,958,000 (2016: HK$21,910,000).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimated impairment of trade and retention receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that it has been identified. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses. At the end of the reporting period, the carrying amounts of trade and retention receivables are approximately HK$22,795,000 (2016: HK$29,216,000).

Uncertainty in respect of collectability of amounts due from customers for contract works

The Group assesses loss on uncertainty in respect of collectability of amounts due from customers for contract work based on the assessment of the directors of the Company that certain contract works have been suspended or have not yet been compromised with the customers on the amount of final billing, as such the related carrying amounts of contract works are not probable to recover. If the final billing is not agreed by the customers, actual loss would be higher than estimated. As at 31 March 2017, the carrying amounts of amounts due from customers for contract work are approximately HK$43,184,000 (2016: HK$19,822,000).

5. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of unsecured bank borrowings disclosed in note 23, obligations under finance leases disclosed in note 24, net of cash and cash equivalents disclosed in note 21, and equity attributable to the owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and risks associated thereto. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and the issue of new debt or the redemption of existing borrowings.

6. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2017 **HK$'000**	2016 HK$'000
Financial assets		
Loans and receivables (including bank balances)	**123,879**	81,686
Other financial liabilities		
At amortised cost	**35,787**	33,964

6. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management objectives and policies

The Group's major financial assets and financial liabilities include trade and other receivables, amounts due from directors, restricted bank balances, bank balances and cash, trade and other payables, unsecured bank borrowings and obligations under finance leases. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included credit risk, interest rate risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2017 in relation to each class of recognised financial assets is the carrying amounts of respective financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Company has delegated a team responsible for performing monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade and other receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 31 March 2017, the Group does not have any concentration of credit risk in respect of the total trade receivables due from the Group's largest customer (2016: 58%) while 94% (2016: 59%) of the total trade receivables was due from the Group's five largest customers. The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, which accounted for 100% (2016: 100%) of the total trade receivables as at 31 March 2017.

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

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its fixed-rate obligations under finance leases (see note 24). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to its variable-rate restricted bank balances (see note 20), variable-rate bank balances (see note 21), variable-rate unsecured bank borrowings (see note 23) and variable-rate obligations under finance leases (see note 24). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure of the Group's variable-rate restricted bank balances, variable-rate bank balances, variable-rate unsecured bank borrowings and variable-rate obligations under finance leases to interest rates as at 31 March 2017. The analysis is prepared assuming that the financial instruments outstanding as at 31 March 2017 were outstanding for the whole year. A 50 basis points (2016: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2016: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease by approximately HK$227,000 (2016: HK$128,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate restricted bank balances, variable-rate bank balances, variable-rate bank borrowings and variable-rate obligations under finance leases.

6. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the Group relies on unsecured bank borrowings as a significant source of liquidity and the management monitors the utilisation of unsecured bank borrowings.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

Specifically, unsecured bank borrowings with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights within one year after the reporting date. The maturity dates for other non-derivative financial liabilities was prepared based on the scheduled repayment dates.

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

Liquidity tables	On demand or within 1 year HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
At 31 March 2017					
Trade and other payables	**25,516**	**–**	**–**	**25,516**	**25,516**
Obligations under finance leases	**5,473**	**3,750**	**1,491**	**10,714**	**10,271**
	30,989	**3,750**	**1,491**	**36,230**	**35,787**
At 31 March 2016					
Trade and other payables	26,778	–	–	26,778	26,778
Unsecured bank borrowings (note)	248	–	–	248	248
Obligations under finance leases	3,625	2,692	969	7,286	6,938
	30,651	2,692	969	34,312	33,964

Note:

Unsecured bank borrowings with a repayment on demand clause were included in the 'on demand or within 1 year' time band in the above maturity analysis. As at 31 March 2016, the aggregate undiscounted principal amounts of unsecured bank borrowings amounted to approximately HK$248,000. Taking into account the Group's financial position, the directors of the Company did not believe that it was probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believed that such unsecured bank borrowings will be repaid in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to approximately HK$250,000.

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

6. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement

The directors of the Company consider that the fair values of current financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their corresponding carrying amounts due to short-term maturities.

The directors of the Company also consider that the fair value of non-current financial liabilities recorded at amortised cost in the consolidated financial statements approximate to its corresponding carrying amount due to insignificant impact of discounting.

7. 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:

	2017 **HK$’000**	2016 HK$’000
Customer A	**69,677**	70,328
Customer B	**N/A***	82,227
Customer C	**75,890**	39,007
Customer D	**38,860**	N/A*

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

8. OTHER INCOME

	2017 **HK$'000**	2016 HK$'000
Bank interest income	**5**	3
Gain on disposals of plant and equipment	**26**	–
Refund of contributions from MPF Scheme	**68**	206
Others	**320**	306
	419	515

9. FINANCE COSTS

	2017 **HK$'000**	2016 HK$'000
Interest on:		
– unsecured bank overdrafts and unsecured bank borrowings	**7**	67
– obligations under finance leases	**349**	308
	356	375

10. INCOME TAX EXPENSE

	2017 **HK$'000**	2016 HK$'000
Current year taxation		
Hong Kong Profits Tax	**5,997**	5,015
Underprovision in prior years		
Hong Kong Profits Tax	**713**	–
Deferred taxation (note 25)	**689**	1,160
	7,399	6,175

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 years.

10. INCOME TAX EXPENSE (CONTINUED)

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

	2017 HK$'000	2016 HK$'000
Profit before taxation	**27,145**	34,599
Tax calculated at the domestic income tax rate	**4,479**	5,709
Tax effect of expenses not deductible	**2,249**	489
Tax effect of income not taxable	**(22)**	(3)
Underprovision in prior years	**713**	–
Effect of tax exemption (note)	**(20)**	(20)
Income tax expense for the year	**7,399**	6,175

Note: The exemption represented a reduction of Hong Kong Profits Tax for the years of assessment 2015/2016 and 2016/2017 by 75%, subject to a ceiling of HK$20,000.

11. PROFIT FOR THE YEAR

	2017 HK$'000	2016 HK$'000
Profit for the year has been arrived at after charging:		
Staff costs		
– Salaries, wages, allowances and other benefits	**30,201**	23,042
– Redundancy costs	**217**	250
– Contributions to retirement benefits scheme	**1,088**	817
Total staff costs (excluding directors' and chief executive's emoluments (note 12))	**31,506**	24,109
Auditor's remuneration	**780**	97
Loss on disposals of plant and equipment	**-**	24
Depreciation of plant and equipment	**11,178**	7,545
Minimum lease payments paid under operating lease in respect of office premises	**290**	269
Listing expenses	**10,247**	2,830

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the directors and the chief executive ("CE") of the Company were as follows:

For the year ended 31 March 2017

Name of director	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:				
Executive directors				
Ms. Choi	–	1,222	18	1,240
Mr. Tang	–	1,222	18	1,240
Mr. Kwok	–	1,372	18	1,390
	–	3,816	54	3,870
Independent non-executive directors				
Mr. Cheung Wai Lun Jacky (note i)	53	–	–	53
Mr. Lee Chi Ming (note i)	80	–	–	80
Mr. Tang Chi Wai (note i)	53	–	–	53
	186	–	–	186
	186	3,816	54	4,056

For the year ended 31 March 2016

Name of director	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:				
Executive directors				
Ms. Choi	–	226	4	230
Mr. Tang	–	922	18	940
Mr. Kwok	–	1,282	18	1,300
	–	2,430	40	2,470

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

Notes:

(i) Appointed on 20 September 2016.

Mr. Kwok is also the CE of the Company and his emoluments disclosed above include those for services rendered by him as the CE.

No directors and CE waived or agreed to waive any emoluments during the years ended 31 March 2017 and 2016.

No emoluments were paid by the Group to any directors and CE of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2017 and 2016.

13. INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2016: two) of them were directors, including CE, of the Company, whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining two (2016: three) individuals of the Group were as follows:

	2017 **HK$'000**	2016 HK$'000
Salaries, allowances and other benefits	**1,776**	2,231
Contributions to retirement benefits scheme	**24**	54
	1,800	2,285

The emolument of each of the above employees was also below HK$1,000,000.

No emoluments were paid by the Group to any five highest paid individuals including directors and CE of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the years ended 31 March 2017 and 2016.

14. DIVIDENDS

No dividend was paid or proposed by the Company during the year ended 31 March 2017, nor has any dividend been proposed since the end of the reporting period (2016: 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 ("C&H"), to its then shareholders, prior to the completion of the Reorganisation.

During the year ended 31 March 2016, an interim dividend of approximately HK$20,000,000 (HK$2,000,000 per share) was paid by C&H to its then shareholders, prior to the completion of the Reorganisation.

15. 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:

	2017 **HK$'000**	2016 HK$'000
Earnings for the purpose of basic earnings per share		
Profit for the year attributable to the owners of the Company	**19,746**	28,424

	2017 **'000**	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (note)	**6,746,952**	6,000,000

Note: The weighted average number of ordinary shares for the purpose of basic earnings per share has been 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 2017 and 2016.

16. PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
COST					
At 1 April 2015	25,745	542	6,307	–	32,594
Additions	11,629	80	3,857	79	15,645
Disposals	–	–	(965)	–	(965)
At 31 March 2016 and 1 April 2016	37,374	622	9,199	79	47,274
Additions	13,934	52	5,713	–	19,699
Disposals	–	–	(1,248)	–	(1,248)
At 31 March 2017	51,308	674	13,664	79	65,725
ACCUMULATED DEPRECIATION					
At 1 April 2015	14,681	459	2,720	–	17,860
Charge for the year	5,779	57	1,673	36	7,545
Eliminated on disposals	–	–	(41)	–	(41)
At 31 March 2016 and 1 April 2016	20,460	516	4,352	36	25,364
Charge for the year	8,553	63	2,523	39	11,178
Eliminated on disposals	–	–	(775)	–	(775)
At 31 March 2017	29,013	579	6,100	75	35,767
CARRYING VALUES					
At 31 March 2017	22,295	95	7,564	4	29,958
At 31 March 2016	16,914	106	4,847	43	21,910

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

Plant and machinery	25%
Furniture and fixtures	25%
Motor vehicles	25%
Leasehold improvements	Over the lease term or 25%, whichever is shorter

16. PLANT AND EQUIPMENT (CONTINUED)

The carrying values of plant and equipment held under finance leases were as follows:

	2017 HK$'000	2016 HK$'000
Plant and machinery	5,402	6,852
Motor vehicles	2,938	1,763
	8,340	8,615

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

	2017 HK$'000	2016 HK$'000
Contracts in progress at the end of each reporting period:		
Contract costs incurred plus recognised profits less recognised losses	614,890	347,546
Less: progress billings	(574,289)	(357,232)
	40,601	(9,686)
Analysed for reporting purposes as:		
Amounts due from customers for contract work	43,184	19,822
Amounts due to customers for contract work	(2,583)	(29,508)
	40,601	(9,686)

As at 31 March 2017, retentions held by customers for contract work amounted to approximately HK$14,793,000 (2016: HK$22,446,000) as set out in note 18. 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.

18. TRADE AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables	8,002	6,770
Retention receivables (note)	14,793	22,446
Prepaid listing expenses	–	783
Prepayments, deposits and other receivables	1,551	2,688
	24,346	32,687

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

The Group does not hold any collateral over these balances.

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

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:

	2017 **HK$'000**	2016 HK$'000
0 to 30 days	**5,042**	6,401
31 to 60 days	**2,950**	365
61 to 120 days	**10**	4
	8,002	6,770

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$10,000 (2016: HK$4,000) 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:

	2017 **HK$'000**	2016 HK$'000
61 to 120 days	**10**	4

19. AMOUNTS DUE FROM DIRECTORS

The amounts due from directors were unsecured and interest-free. During the year ended 31 March 2017, the amounts were fully settled by cash.

	Maximum amount outstanding during the year		**As at 31 March**	
	2017 **HK$'000**	2016 HK$'000	**2017** **HK$'000**	2016 HK$'000
Mr. Tang	**29**	26,452	**–**	29
Mr. Kwok	**64**	4,031	**–**	64
			–	93

20. RESTRICTED BANK BALANCES

Restricted bank balances represent cash set aside by the Group in banks designated as surety bonds in favour of a customer for due performance of the Group's obligations under a construction contract which is expected to be completed within one year. The balances are therefore classified as current assets. The restricted bank balances carried at prevailing market rates ranging from approximately 0.13% to 0.15% per annum (2016: nil) during the year ended 31 March 2017 and will be released upon completion of the contract.

21. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates of approximately 0.01% per annum (2016: 0.01% per annum) during the year.

22. TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	HK$'000
Trade payables	**14,061**	18,195
Retention payables	**6,912**	6,028
Accrued expenses and other payables	**4,543**	7,573
	25,516	31,796

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:

	2017	2016
	HK$'000	HK$'000
0 to 30 days	**8,174**	12,317
31 to 60 days	**1,311**	5,269
61 to 90 days	**773**	290
91 to 365 days	**3,803**	319
	14,061	18,195

23. UNSECURED BANK BORROWINGS

	2017 HK$'000	2016 HK$'000
On demand or within one year	–	248

During the year ended 31 March 2017, unsecured bank borrowings carried floating interest rates at 5.70% per annum. The weighted average interest rate as at 31 March 2016 was 5.70% per annum.

As at 31 March 2016, the unsecured bank borrowings and general banking facilities were guaranteed by personal guarantees given by a subsidiary's directors, Ms. Choi and Mr. Tang. The personal guarantees were released in May 2016.

24. OBLIGATIONS UNDER FINANCE LEASES

	2017 HK$'000	2016 HK$'000
Analysed for reporting purposes as:		
Current liabilities	5,170	3,391
Non-current liabilities	5,101	3,547
	10,271	6,938

It is the Group's policy to lease certain of its plant and machinery and motor vehicles under finance leases. The average lease term ranged from 2 to 5 years for the year.

The ranges of interest rates on the Group's obligations under finance leases are as follow:

	2017	2016
Fixed-rate obligations under finance leases	3.8% p.a. to 4.5% p.a.	3.8% p.a. to 5.0% p.a.
Variable-rate obligations under finance leases	4.5% p.a. to 5.0% p.a.	4.5% p.a. to 4.8% p.a.

24. OBLIGATIONS UNDER FINANCE LEASES (CONTINUED)

	Minimum lease payments at 31 March		Present value of minimum lease payments at 31 March	
	2017	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases				
Within one year	**5,473**	3,625	**5,170**	3,391
After one year but within two years	**3,750**	2,692	**3,627**	2,593
After two years but within five years	**1,491**	969	**1,474**	954
	10,714	7,286	**10,271**	6,938
Less: future finance charges	**(443)**	(348)	**N/A**	N/A
Present value of obligations under finance leases	**10,271**	6,938		
Less: amount due for settlement within 12 months (shown under current liabilities)			**(5,170)**	(3,391)
Amount due for settlement after 12 months			**5,101**	3,547

As at 31 March 2017 and 2016, the Group's obligations under finance leases are secured by the lessors' charge over the leased assets (note 16). As at 31 March 2017, the Group's obligations under finance leases are secured by corporate guarantee given by the Company (2016: personal guarantees of a subsidiary's directors, Ms. Choi and Mr. Tang).

25. DEFERRED TAX LIABILITIES

Deferred tax liability arising from accelerated tax depreciation recognised by the Group and movements thereon during the current and prior years were as follows:

	HK$'000
At 1 April 2015	1,103
Charged to profit or loss (note 10)	1,160
At 31 March 2016 and 1 April 2016	2,263
Charged to profit or loss (note 10)	689
At 31 March 2017	2,952

26. SHARE CAPITAL

	Number of shares		Share capital	
	2017	2016	**2017**	2016
			HK$'000	HK$'000
Ordinary shares of HK$0.01 each				
Authorised				
At the beginning of the year	**38,000,000**	–	**380**	–
At the date of incorporation on 31 March 2016 (note a)	**–**	38,000,000	**–**	380
Increase on 20 September 2016 (note b)	**1,962,000,000**	–	**19,620**	–
At the end of the year	**2,000,000,000**	38,000,000	**20,000**	380
Issued and fully paid				
At the beginning of the year	**1**	–	**–**	–
Issue of shares (note a)	**–**	1	**–**	–
Issued as consideration for the acquisition of the issued share capital of Honestly Luck Limited (note c)	**9,999**	–	**–**	–
Capitalisation issue of shares (note e)	**599,990,000**	–	**6,000**	–
Issue of new shares in connection with the listing of shares of the Company (note d)	**167,750,000**	–	**1,678**	–
At the end of the year	**767,750,000**	1	**7,678**	–

Notes:

(a) 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 with an authorised share capital of 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 ("Honestly Luck"), 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 rank pari passu with the existing shares in all respects.

26. SHARE CAPITAL (CONTINUED)

As the Reorganisation of the Group was completed on 20 September 2016, the share capital of the Group in the consolidated statement of financial position as at 31 March 2016 represented the aggregated share capital of the Company, Honestly Luck, Tall Too Limited ("Tall Too") and C&H.

27. OPERATING LEASE COMMITMENTS

The 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:

	2017	2016
	HK$'000	HK$'000
Within one year	**48**	288
In the second to fifth year inclusive	**–**	48
	48	336

Operating lease payments represents rentals payable by the Group for its office premises. Leases are negotiated and rentals are fixed for a term ranging from 1 to 2 years (2016: 1 to 2 years).

28. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the consolidated financial statements, during the year, the Group entered into transactions with related parties as follows:

Related party	Nature of transaction	**2017** **HK$'000**	2016 HK$'000
Chun Hung Development Limited	Machinery rental paid	**–**	184
("Chun Hung") (note i)	Acquisition of motor vehicles	**–**	3,600
Ms. Choi	Office rental paid	**–**	18

Note:

(i) Ms. Choi and Mr. Tang, the directors of the Company, are the beneficial shareholders of Chun Hung.

The above transactions were conducted at terms determined on a basis mutually agreed between the Group and the related parties.

28. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel

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

	2017 **HK$'000**	2016 HK$'000
Short-term employee benefits	**6,878**	4,661
Post-employment benefits	**113**	94
	6,991	4,755

The remuneration of the directors of the Company and key executives is determined by the remuneration committee having regard to the performance of the individuals and market trends.

(c) Other guarantees

As at 31 March 2016, certain contracts for the performance works of provision of site formation works amounted to approximately HK$295,081,000, was guaranteed by the personal guarantees given by C&H's directors, Mr. Tang and Mr. Kwok. The Group has accepted a quotation to take out a surety bond from banks in favour of a customer for due performance of the Group's obligation under a construction contract during the year ended 31 March 2017, and the surety bond and the personal guarantees given by Mr. Tong and Mr. Kwok will be released upon completion of this contract.

29. SHARE-BASED PAYMENT TRANSACTIONS

Pursuant to the written resolutions of the shareholders of the Company on 20 September 2016, the Company adopted a share option scheme (the "Scheme") to attract and retain the best available personnel, to provide additional incentive to employees (full-time or part-time), directors, consultants or advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

The 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 non-executive 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.

Options granted must be taken up within seven days inclusive of the day on which such offer were made, upon payment of HK$1 per option. Options may be exercised at any time during a period as the directors of the Company may determine which shall not exceed ten years from the date of grant. 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.

29. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The Scheme will remain in force for a period of ten years commencing on the date on the adoption date (i.e. 20 September 2016) and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders in general meeting.

No share options were granted since the adoption of the Scheme and there are no outstanding share options at the end of the reporting period. A summary of the principal terms and conditions of the Scheme is set out in Appendix IV to the prospectus of the Company dated 30 September 2016.

30. RETIREMENT BENEFITS PLANS

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% (2016: 5%) of relevant payroll costs to the MPF Scheme, in which the contribution is matched by employees and subject to a cap of HK$1,500 per month.

During the year ended 31 March 2017, the total expense recognised in the consolidated statement of profit or loss and other comprehensive income is approximately HK$1,142,000 (2016: HK$857,000), which represent contributions payable to the MPF scheme by the Group at rates specified in the rules of the scheme.

31. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING

The disclosures set out in the tables below include financial assets and financial liabilities that are offset in the Group's consolidated statement of financial position.

As at 31 March 2016 and 2017, the Group currently has a legally enforceable right to set off the trade receivables from its customers and the trade payables to the same counterparties that are due to be settled on the same date and the Group intended to settle these balances on a net basis.

				Related amounts not set off in the consolidated statement of financial position	
	Gross amounts of recognised financial assets HK$'000	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial assets presented in the consolidated statement of financial position HK$'000	Financial instruments HK$'000	Net amount HK$'000
As at 31 March 2017					
Trade and other receivables	23,747	(604)	23,143	(23,143)	–
As at 31 March 2016					
Trade and other receivables	29,373	–	29,373	(29,373)	–

31. FINANCIAL ASSETS AND FINANCIAL LIABILITIES SUBJECT TO OFFSETTING (CONTINUED)

	Gross amounts of recognised financial liabilities HK$'000	Gross amounts of recognised financial assets set off in the consolidated statement of financial position HK$'000	Net amounts of financial liabilities presented in the consolidated statement of financial position HK$'000	Related amounts not set off in the consolidated statement of financial position: Financial instruments HK$'000	Net amount HK$'000
As at 31 March 2017					
Trade and other payables	(26,120)	604	(25,516)	25,516	–
As at 31 March 2016					
Trade and other payables	(26,778)	–	(26,778)	26,778	–

32. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Note	**2017 HK$'000**
Non-current asset		
Investment in a subsidiary		**47,824**
Current assets		
Amount due from a subsidiary		**43,495**
Bank balances		**50,985**
		94,480
Current liability		
Other payables		**690**
Net current assets		**93,790**
Net assets		**141,614**
Capital and reserves		
Share capital		**7,678**
Reserves	(b)	**133,936**
Total equity		**141,614**

32. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Notes:

(a) The statement of financial position of the Company as at 31 March 2016 only included the issued share capital and the amount due from a subsidiary which were also less than HK$1,000 respectively.

(b) The movement of reserves is shown as follows:

	Share premium HK$'000	Other reserve HK$'000 (note)	Accumulated losses HK$'000	Total HK$'000
At 1 April 2016	–	–	–	–
Loss and total comprehensive income for the year	–	–	(16,279)	(16,279)
Arising from Reorganisation	–	47,823	–	47,823
Capitalisation issue of shares (note 26(e))	(6,000)	–	–	(6,000)
Shares issued under share offer (note 26(d))	115,747	–	–	115,747
Share issue expenses	(7,355)	–	–	(7,355)
At 31 March 2017	102,392	47,823	(16,279)	133,936

Note: Other reserve represents the difference between the nominal value of the shares issued for the acquisition of C&H and the contributed net asset value at the date of acquisition.

33. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 31 March 2017 and 2016 are as follow:

Name of company	Place of incorporation/ operation	Class of shares held	Issued and fully paid share capital	Percentage of equity interest/ voting power attributable to the Group 2017	2016	Principal activity
Directly held:						
Honestly Luck	The BVI	Ordinary	US$1	100%	100%	Investment holding
Indirectly held:						
C&H	Hong Kong	Ordinary	HK$10	100%	100%	Provision of site formation works
Tall Too	The BVI	Ordinary	US$1	100%	100%	Inactive

None of the subsidiaries had issued any debt securities during both years and at the end of both years.

34. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 31 March 2017, the Group entered into finance lease arrangements in respect of plant and machinery and motor vehicles with a total capital value at the inception of the leases approximately of HK$7,968,000 (2016: HK$5,410,000).

(b) During the year ended 31 March 2016, an interim dividend payable by C&H in amount of HK$20,000,000 to its then shareholders was settled through the amounts due from directors by the same amount. Certain dividend due to a shareholder, Ms. Choi, was received by a director of C&H on her behalf, and such amount has been settled between that director and Ms. Choi.