CHerish Holdings Limited

東盈控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 2113

ANNUAL REPORT 2018

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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 Limited
The Hongkong and Shanghai Banking Corporation Limited

AUDITOR

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

LEGAL ADVISER AS TO HONG KONG LAW

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

COMPANY'S WEBSITE

www.cherishholdings.com

STOCK CODE

2113

FINANCIAL HIGHLIGHTS

	Year ended March 31				
	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000
Revenue	**192,341**	266,167	210,046	139,367	83,947
Cost of sales	**(168,894)**	(216,346)	(167,546)	(104,131)	(69,014)
Gross profit	**23,447**	49,821	42,500	35,236	14,933
Other income	**1,062**	419	515	56	–
Administrative expenses	**(13,252)**	(22,739)	(8,041)	(4,163)	(3,308)
Finance costs	**(326)**	(356)	(375)	(389)	(179)
Profit before taxation	**10,931**	27,145	34,599	30,743	11,446
Income tax expense	**(2,217)**	(7,399)	(6,175)	(5,072)	(1,793)
Profit and total comprehensive income for the year	**8,714**	19,746	28,424	25,671	9,653

	As at March 31				
	2018 HK$'000	2017 HK$'000	2016 HK$'000	2015 HK$'000	2014 HK$'000
Non-current assets					
Plant and equipment	**51,166**	29,958	21,910	14,734	10,003
Deposits paid for purchase of plant and equipment	**–**	1,177	–	–	–
Restricted bank balances	**7,627**	–	–	–	–
	58,793	31,135	21,910	14,734	10,003
Current assets					
Amounts due from customers for contract work	**75,974**	43,184	19,822	763	439
Trade and other receivables	**37,937**	24,346	32,687	10,960	11,974
Tax recoverable	**4,334**	–	–	–	–
Amounts due from directors	**–**	–	93	30,483	9,254
Restricted bank balances	**–**	2,571	–	–	–
Bank balances and cash	**31,089**	98,165	52,220	31,124	2,737
	149,334	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	**29,859**	25,516	31,796	11,336	11,894
Amounts 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	**4,361**	5,170	3,391	2,629	1,029
Tax payable	**–**	2,061	10,777	5,762	1,242
	34,220	35,330	75,720	47,130	20,277
Net current assets	**115,114**	132,936	29,102	26,200	4,127
Total assets less current liabilities	**173,907**	164,071	51,012	40,934	14,130
Non-current liabilities					
Obligations under finance leases					
– due after one year	**3,766**	5,101	3,547	3,053	2,472
Deferred tax liabilities	**5,409**	2,952	2,263	1,103	551
	9,175	8,053	5,810	4,156	3,023
Net assets	**164,732**	156,018	45,202	36,778	11,107
Capital and reserves					
Share capital	**7,678**	7,678	–	–	–
Reserves	**157,054**	148,340	45,202	36,778	11,107
Total equity	**164,732**	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 audited financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2018 (the "Reporting Period").

Financial Review

With more than 16 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 year our project works were on the downward trend with a decrease in revenue by approximately HK$73.9 million or 27.8%. The Group's revenue amounted to approximately HK$192.3 million compared with approximately HK$266.2 million in the previous year. The total gross profit of the Group for the Reporting Period decreased by approximately HK$26.4 million, or 53.0% from approximately HK$49.8 million for the year ended 31 March 2017 to approximately HK$23.4 million. Due to the decrease in revenue and increase in certain cost arising from labour expenses, material cost and subcontracting fee, the gross profit margin decreased from approximately 18.7% for the year ended 31 March 2017 to approximately 12.2% for the Reporting Period.

The administrative expenses of the Group amounted to approximately HK$13.3 million, representing a decrease of approximately 41.4% compared with approximately HK$22.7 million for the year ended 31 March 2017. Meanwhile, the income tax for the Group was decreased by approximately HK$5.2 million or 70.3% from approximately HK$7.4 million for the year ended 31 March 2017 to approximately HK$2.2 million for the Reporting Period. Due to the decrease in revenue and gross profit, the profit and total comprehensive income for the year of the Company decreased by HK$11.0 million to approximately HK$8.7 million compared with approximately HK$19.7 million for the year ended 31 March 2017.

Prospects

During the Reporting period, the global economy remains uncertain and the competition in construction market is relatively keen. Therefore, the Government unveiled a range of progressive and forward-looking initiatives for the construction industry. Pursuant to the 2018-2019 Budget of the Government, infrastructure and land development is still one of the most important agendas. The Government proposes to invest approximately HK$85.6 billion in infrastructure projects. Other than the development of the Hong Kong-Shenzhen Innovation and Technology Park, as well as the construction of facilities in Hong Kong Science and Technology Parks Corporation, the Government will allocate HK$28.1 billion in infrastructure projects planned for commencement in the year 2018-2019.

The Group will continue to focus on developing business of undertaking site formation works in Hong Kong due to its long-established reputation and proven ability. With the prolonged debates on funding approval for new public work projects by the Legislative Council in the last two years, it has driven more competition and reduced projects available in the market. As the foundation works is closely related to the construction industry, it is expected that the site formation industry would not regain momentum in the short term. However, by expanding the capacity of our own machinery and specializing in technical expertise especially in foundation works, the Group will keep on improving the effectiveness and project management skills of our site formation works, and seeking potential business opportunities that will broaden the sources of income and enhance value to the shareholders.

Tang Man On
Chairman of the Board
Hong Kong, 21 June 2018

BUSINESS REVIEW

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

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

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

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

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

PROSPECTS

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

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

Gross profit and gross profit margin

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

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

1. keen competition in the construction industry, resulting in lower number of newly awarded projects which were less than that of completed projects. Such fierce competition in the construction industry had led to decrease in number of contracts and revenue being recognised by the Group during the Reporting Period and certain projects were at their stage of completion or commencement during the Reporting Period which contributed less revenue to the Group;

2. increase in labour expenses, material cost and subcontracting fee incurred for various types of variation works performed and delay in works progress of a project in Shatin district; and

3. increase in the usage of direct labour due to the category of the works performed by the Group during the Reporting Period. As at 31 March 2018, the Group employed 222 staff (2017: 114 staff) of which 209 (2017: 104) were our site management staff and direct labour.

Administrative expenses

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

Income tax expense

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

Profit and total comprehensive income for the year

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

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The net proceeds of the share offer received by the Company in relation to the Listing were approximately HK$97.0 million, after deduction of underwriting fees and commissions and expenses. These proceeds are intended to be applied in accordance with the proposed application set out in the paragraph headed "Future plans and use of proceeds" in the prospectus of the Company dated 30 September 2016 (the "Prospectus"). The below table sets out the proposed applications of the net proceeds and usage up to date of the report:

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

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 2018, the Group had bank balances of approximately HK$31.1 million (2017: approximately HK$98.2 million). The decrease was mainly due to the aggregate net cash used in operation, investing and financing activities of approximately HK$67.1 million. The interest-bearing debts of the Group as at 31 March 2018 was approximately HK$8.1 million (2017: approximately HK$10.3 million).

The gearing ratio is calculated based on the amount of total interest-bearing debts divided by total equity. The gearing ratio of the Group as at 31 March 2018 was approximately 4.9% (2017: approximately 6.6%), as a result of the increased equity from the operation and repayment of finance lease during the Reporting Period.

PLEDGE OF ASSETS

The Group's plant and machinery with an aggregate net book value of approximately HK$2.7 million and HK$5.4 million and motor vehicles with an aggregate net book value of approximately HK$1.8 million and HK$2.9 million as at 31 March 2018 and 2017, respectively, were pledged under finance leases.

FOREIGN EXCHANGE RISK

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

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group employed 222 staff (2017: 114 staff). Total staff costs including directors' emoluments for the year, amounted to approximately HK$68.1 million (2017: approximately HK$35.6 million). The salary and benefit levels of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary 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, finance lease and proceeds received from the Listing of the Company on 17 October 2016.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

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

CAPITAL COMMITMENTS

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

CONTINGENT LIABILITIES

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. TANG Man On, aged 63, 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. Mr. Tang is also the substantial shareholder of the Company and a director and a shareholder of Waterfront Palm Limited, the holding company of the Company. Mr. Tang has over 40 years of experience in construction industry in Hong Kong. He is primarily responsible for formulation of overall business development strategy and overseeing day-to-day management of site operations of the Group. He 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. He 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 40, 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 also a director and a shareholder of Waterfront Palm Limited, the holding company of the Company. He is primarily responsible for general management and overseeing the engineering and technical aspects of various projects of our Group.

He 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. He 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 58, is the founder of the Group and was appointed as Director on 31 March 2016 and was redesignated as executive Director on 14 June 2016. Ms. Choi is also the substantial shareholder of the Company and a director and a shareholder of Waterfront Palm Limited, the holding company of the Company. Since December 2001, she has been primarily responsible for overseeing the administration matters of our Group. Prior to establishing our Group, she has accumulated years of experience in business management and administration in beauty service industry. She completed five-year secondary education in Hong Kong in June 1977. She 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEUNG Wai Lun Jacky, aged 44, was appointed as independent non-executive Director of the Company on 20 September 2016. He is also the Chairman of the 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. He has over 18 years of post-qualification experience in the legal profession. From September 2001 to December 2007 and from November 2008 to September 2012, he 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.

He has been an independent non-executive director of Geotech Holdings Limited (stock code: 1707) since September 2017, Kin Pang Holdings Limited (stock code: 1722) since November 2017, AV Promotions Holdings Limited (stock code: 8419) since December 2017 and Elegance Commercial and Financial Printing Group Limited (stock code: 8391) since April 2018.

Mr. LEE Chi Ming, aged 60, 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 the Institution of Civil Engineers (Hong Kong Association) 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, aged 44, 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 21 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 has been an independent non-executive director of Xin Point Holdings Limited (stock code: 1571) since June 2017, Noble Engineering Group Holdings Limited (stock code: 8445) since September 2017 and ISP Global Limited (stock code: 8487) since December 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 35, 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. She was promoted to administrative officer in December 2006 and further promoted to senior administrative officer in December 2008. Ms. Tangcompleted 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 Chun Chi Sandy and Mr. Tang Man On who both 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 30, is our Quality, Safety and Environmental Manager. He has over 6 years of experience in safety management in construction projects. He 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. Mr. Hui 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 Chun Chi Sandy and Mr. Tang Man On who both are our executive Directors. He is also the brother of Ms. Tang, our Senior Corporate Administrator.

Mr. LAM Sing Hon, aged 32, is our Financial Controller responsible and he is responsible for overseeing our Group's overall financial accounting and reporting as well as corporate finance matters. He has over 9 years of experience in auditing and accounting. Prior to joining our Group in December 2015, he 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.

CORPORATE GOVERNANCE REPORT

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 Corporate Governance Code (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 during the Reporting Period 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 Reporting Period. 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 Reporting 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
Ms. Wong Chi Yan *(appointed on 13 October 2017 and resigned on 14 June 2018)*

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 9 to 11 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.

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 Reporting Period, four 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 9 to 11 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 six months' written notice to terminate the respective service contract.

Each of the independent non-executive directors has entered into a service contract with the Company for a term of three years, all of which may also be terminated by either party by giving the other party at least six months' written notice.

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 articles 84(1) and 84(2) of the articles of association of the Company, Mr. Kwok Hoi Chiu and Mr. Lee Chi Ming 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 9 to 11 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 CONTINUOUS 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. During the Reporting Period, the Company provided training on duties and responsibilities of directors. The Company has also provided reading materials to all Directors to develop and refresh their professional knowledge.

During the Reporting Period and up to the date of this annual report, all Directors have participated in continuous professional training to develop and refresh their knowledge and skills in relation to their contribution to the Board.

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 Reporting Period, three Audit Committee Meetings were held. The attendance of each member of the Audit Committee is set out in the section headed "Board, Committees Meetings and Annual General Meeting" of this report.

During the meetings, the Audit Committee reviewed and considered the Group accounts for the year ended 31 March 2017; the internal control report, risk management and internal control systems and the Group's unaudited consolidated accounts for the six months ended 30 September 2017. The external auditor was invited to attend 2017 annual result meeting and 2018 audit planning meeting. During the meetings, the external auditor discussed various accounting issues and finding with Audit Committee and the audit strategy and plan for 2018 Group results.

REMUNERATION COMMITTEE

A Remuneration Committee has been established by the Board with specific written terms of reference and all of the members of the Remuneration Committee are Independent Non-Executive Directors. Pursuant to the Remuneration Committee's terms of reference, the Remuneration Committee is responsible for, amongst other things, reviewing the remuneration policies and making recommendations to the Board on the remuneration of 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, Mr. Tang Chi Wai and Mr. Lee Chi Ming. Mr. Cheung Wai Lun Jacky is the chairman of the Remuneration Committee.

During the Reporting Period, two Remuneration Committee meetings were held to review and discuss the remuneration policy of the Company, review the salary package of directors and senior management and renew the appointment letters of Independent Non-Executive Directors. The attendance of each member of the Remuneration Committee is set out in the section headed "Board, Committees Meetings and Annual General Meeting" of this report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the member of the senior management by band for the year ended 31 March 2018 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. Pursuant to the Nomination Committee's 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. 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 Reporting Period, two Nomination Committee meetings were held to review the structure, size, composition and diversity of the Board, reviewing the appointment of new executive director, assessing the independence of Independent Non-Executive Directors and other related matters of the Company. The attendance of each member of the Nomination Committee is set out in the section headed "Board, Committees Meetings and Annual General Meeting" of this report.

BOARD, COMMITTEES MEETINGS AND ANNUAL GENERAL MEETING

The individual attendance records of each Director at the meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee and Annual General Meeting during the Reporting Period are set out below:

	Attendance/Number of Meetings Held				
Name of Director	**Board Meeting**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Executive Directors					
Mr. Tang Man On	4/4	–	–	–	1/1
Mr. Kwok Hoi Chiu	4/4	–	–	–	1/1
Ms. Choi Chun Chi Sandy	4/4	–	–	–	1/1
Ms. Wong Chi Yan *(appointed on 13 October 2017 and resigned on 14 June 2018)*	1/1	–	–	–	–
Independent Non-Executive Directors					
Mr. Cheung Wai Lun Jacky	4/4	3/3	2/2	2/2	1/1
Mr. Lee Chi Ming	4/4	3/3	2/2	2/2	1/1
Mr. Tang Chi Wai	4/4	3/3	2/2	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.

During the Reporting Period, 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 2018 which gives a true and fair view of the state of affairs of the Group as at 31 March 2018, and of the results and cash flows for year then ended. In preparing the financial statements for the year ended 31 March 2018, 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 2018.

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	800
Total	800

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 systems 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 Reporting 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.

The handling and dissemination of inside information of the Group is strictly controlled and remains confidential including but not limited by the following ways:

1. Restrict access to inside information to a limited number of employees on a need-to-know basis;

2. Reminder to employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality;

3. Ensure appropriate confidentiality agreements are in place when the Group enters into significant negotiations or dealings with third party;

4. Inside information is handled and communicated by designated persons to outside third party; and

5. The board and the senior management review the safety measures regularly to ensure inside information is properly handled and disseminated.

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 the 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 Reporting 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.

At the annual general meeting held on 7 September 2017, separate resolutions were proposed by the chairman in respect of each separate issue, including re-election of directors, re-election of auditor etc., and voted by way of poll. The Company announced the results of the poll in the manner prescribed under the Listing Rules. All the directors, including the respective chairman of the Board, audit committee, remuneration committee and nomination committee had attended the annual general meeting held in 2017 to ensure effective communication with the shareholders.

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 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. During the Reporting Period, no amendments were made to the constitutional documents of the Company.

REPORT OF DIRECTORS

The Board has pleasure in presenting their annual report together with the audited consolidated financial statements of the Group for the year ended 31 March 2018.

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.

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 on pages 5 to 8 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 5 to 8 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.

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.

Environmental, social and governance report will be published to respective websites of the Company and the Stock Exchange in the manner as required by Appendix 27 of the Listing Rules in due course.

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.

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 33 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.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 3 September 2018 to Thursday, 6 September 2018, 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 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, 31 August 2018.

FINAL DIVIDEND

The Directors do not recommend the payment of final dividend for the Reporting Period (2017: 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 24 to the consolidated financial statements.

CHARITABLE DONATIONS

Charitable and other donations made by the Group during the Reporting Period amounted to HK$17,000 (2017: HK$ 1,041,000).

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 2018, the Company has reserves available of HK$157.1 million (2017: HK$148.3 million).

DIRECTORS

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

Executive Directors
Mr. Tang Man On *(Chairman)*
Mr. Kwok Hoi Chiu
Ms. Choi Chun Chi Sandy
Ms. Wong Chi Yan (appointed on 13 October 2017 and resigned on 14 June 2018)

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

By virtue of articles 84(1) and 84(2) of the articles of association of the Company, Mr. Kwok Hoi Chiu and Mr. Lee Chi Ming 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 an initial fixed term of 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 of three years, all of which may also be terminated by either party by giving the other party at least six months' written notice.

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.

CONTROLLING SHAREHOLDERS' INTEREST

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 note 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 28 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. 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 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), notified to the Company and the Stock Exchange were as follows:

Interests in Share of the Company

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

Notes:

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

Interest on associated corporations

Name of Director	Name of associated corporation	Capacity/Nature	Number of Shares held/ interested	Percentage of interest
Tang Man On	Waterfront Palm Limited	Beneficial owner (Note)	4	40%
Choi Chun Chi Sandy	Waterfront Palm Limited	Beneficial owner (Note)	5	50%
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 51.82% of the Shares in issue, is the holding company of the 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 2018, 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	397,865,000 (L) (Note 1)	51.82%
Li Lin	Beneficial owner	83,335,000 (L) (Note 1)	10.85%
Sin Yuk Hung	Beneficial owner	83,335,000 (L) (Note 1)	10.85%
Wealth China International Limited	Beneficial owner	83,335,000 (L) (Note 1 and 2)	10.85%

Notes:

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

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 2018 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 11.9% and 33.3% 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 42.7% and 98.9% 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 during the Reporting Period.

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 nonexecutive directors, or any of their respective associates) in any 12-month period in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

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

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

REPORT OF DIRECTORS

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 12 to 20 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 during the Reporting Period.

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.

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 26 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 itself for re-appointment. A resolution for the re-appointment as auditor of the Company will be proposed at the forthcoming AGM. There is no change in auditor during the Reporting Period.

On behalf of the Board
CHerish Holdings Limited

Tang Man On
Chairman
21 June 2018

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 33 to 70, which comprise the consolidated statement of financial position as at 31 March 2018, 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 2018, 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 (the "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 Auditor's 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.

Revenue recognition from construction work

Refer to notes 4 and 7 to the consolidated financial statements.

The key audit matter

For the year ended 31 March 2018, the Group has recognised revenue and cost of sales arising from the construction and site formation services of approximately HK$192,341,000 and HK$168,894,000 respectively, by applying the stage of completion method of the contract activity at the end of the reporting period. Significant judgements and estimates have been made by the management when determining (i) the percentage of completion of each individual contract with reference to the certificates issued by the customers and (ii) total contract cost incurred and expected to be incurred for each individual contract.

We have identified the revenue recognition from construction work as a key audit matter as it is quantitatively significant to the consolidated financial statements and the estimation of the progress and total contract cost of each individual contract involved significant management's judgements and estimates, which may be subject to management bias.

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 by inspecting the progress certificates issued by customers. We have assessed whether the construction costs recognised were reasonable through critically challenged the assumptions used in estimating forecast costs to complete, contract costs incurred, and the completeness and validity of provisions arising from customer disputes. We have assessed accuracy of management's assessment in budget costs by considering the historical actual costs and estimation of budget costs of completed projects.

Impairment of trade and retention receivables

Refer to notes 4 and 18 to the consolidated financial statements.

The key audit matter

The Group has trade and retention receivables of approximately HK$37,209,000 as at 31 March 2018.

We have identified the impairment of trade and retention receivables as a key audit matter in view of the significance of the carrying amount to the consolidated financial statements and the significance of management's judgement and estimates involved in assessing the ultimate realisation of these receivables, taking into account the current creditworthiness and the past collection history of each debtor.

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 with the management whether an objective evidence of impairment existed and where it existed, we have assessed the management's impairment testing.

We have challenged the assumptions and critical judgment used by the management by assessing the accuracy of the management's past estimates and taking into account the ageing analysis, credit-worthiness of the debtors 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
21 June 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**2018**	2017
		HK$'000	HK$'000
Revenue	7	**192,341**	266,167
Cost of sales		**(168,894)**	(216,346)
Gross profit		**23,447**	49,821
Other income	8	**1,062**	419
Administrative expenses		**(13,252)**	(22,739)
Finance costs	9	**(326)**	(356)
Profit before taxation		**10,931**	27,145
Income tax expense	10	**(2,217)**	(7,399)
Profit and total comprehensive income for the year	11	**8,714**	19,746
Earnings per share (HK cents)			
– Basic and diluted	15	**1.1**	2.9

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	**2018** **HK$'000**	2017 HK$'000
Non-current assets			
Plant and equipment	16	**51,166**	29,958
Deposits paid for purchase of plant and equipment		**–**	1,177
Restricted bank balances	19	**7,627**	–
		58,793	31,135
Current assets			
Amounts due from customers for contract work	17	**75,974**	43,184
Trade and other receivables	18	**37,937**	24,346
Tax recoverable		**4,334**	–
Restricted bank balances	19	**–**	2,571
Bank balances and cash	20	**31,089**	98,165
		149,334	168,266
Current liabilities			
Amounts due to customers for contract work	17	**–**	2,583
Trade and other payables	21	**29,859**	25,516
Obligations under finance leases – due within one year	22	**4,361**	5,170
Tax payable		**–**	2,061
		34,220	35,330
Net current assets		**115,114**	132,936
Total assets less current liabilities		**173,907**	164,071
Non-current liabilities			
Obligations under finance leases – due after one year	22	**3,766**	5,101
Deferred tax liabilities	23	**5,409**	2,952
		9,175	8,053
Net assets		**164,732**	156,018
Capital and reserves			
Share capital	24	**7,678**	7,678
Reserves		**157,054**	148,340
Total equity		**164,732**	156,018

The consolidated financial statements on pages 33 to 70 were approved and authorised for issue by the board of directors on 21 June 2018 and are signed on its behalf by:

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2018

	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 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 24(d))	6,000	(6,000)	–	–	–
Arising from reorganisation (note 24(b))	–	–	–	–	–
Shares issued under share offer (note 24(c))	1,678	115,747	–	–	117,425
Share issue expenses	–	(7,355)	–	–	(7,355)
At 31 March 2017 and 1 April 2017	7,678	102,392	–	45,948	156,018
Profit and total comprehensive income for the year	**–**	**–**	**–**	**8,714**	**8,714**
At 31 March 2018	**7,678**	**102,392**	**–**	**54,662**	**164,732**

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 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	10,931	27,145
Adjustments for:		
Bank interest income	(301)	(5)
Finance costs	326	356
Gain on disposals of plant and equipment	(626)	(26)
Depreciation of plant and equipment	17,784	11,178
Operating cash flows before movements in working capital	28,114	38,648
Increase in amounts due from customers for contract work	(32,790)	(23,362)
Decrease in amounts due to customers for contract work	(2,583)	(26,925)
(Increase) decrease in trade and other receivables	(13,591)	8,341
Increase in restricted bank balances for operating use	(5,056)	(2,571)
Increase (decrease) in trade and other payables	4,343	(6,280)
Cash used in operations	(21,563)	(12,149)
Income tax paid	(6,155)	(15,426)
NET CASH USED IN OPERATING ACTIVITIES	(27,718)	(27,575)
INVESTING ACTIVITIES		
Purchase of plant and equipment	(37,709)	(11,731)
Proceeds from disposals of plant and equipment	5,736	499
Interest received	301	5
Deposits paid for purchase of plant and equipment	–	(1,177)
Repayment from directors	–	93
NET CASH USED IN INVESTING ACTIVITIES	(31,672)	(12,311)
FINANCING ACTIVITIES		
Proceeds from issue of shares	–	117,425
Dividends paid	–	(19,000)
Share issue expenses	–	(7,355)
Repayment of obligations under finance leases	(7,360)	(4,635)
Interest paid	(326)	(356)
Repayment of unsecured bank borrowings	–	(248)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(7,686)	85,831
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(67,076)	45,945
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	98,165	52,220
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	31,089	98,165

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 32.

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 year ended 31 March 2017 or since their respective dates of incorporation or establishment up to 31 March 2017. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group have been prepared on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout the year ended 31 March 2017 or since their respective dates of incorporation or establishment up to 31 March 2017, using the principles of merger accounting as set out in note 3 below.

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

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

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

Except as described below, the application of the other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKAS 7 Disclosure Initiative

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

The application of amendments to HKAS 7 has resulted in additional disclosures on the Group's financing activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities is provided in note 29. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure in note 29, the directors of the Company considered that these amendments have had no impact on the Group's consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 19	Employee Benefits[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfer of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of other new and revised HKFRSs will have no material impact on the results and financial position of the Group.

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

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

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 HKFRS 9 (2014) 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.

– 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 was 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.

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

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

HKFRS 9 (2014) Financial Instruments (Continued)

– HKFRS 9 (2014) introduces a new model which 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 have performed a preliminary analysis of the Group's financial instruments as at 31 March 2018 based on the fact and circumstances existing at that date. The directors of the Company have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

The directors of the Company expect to continue recognising initially at fair value for all financial assets which are subsequently measured at amortised costs. The directors of the Company anticipate that the adoption of HKFRS 9 (2014) will not have a material impact on the classification and measurement of the financial assets.

(b) Impairment

The directors of the Company expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for trade and other receivables and increase the amount of impairment allowance recognised for these items.

The directors of the Company will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the directors of the Company expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

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

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The major sources of revenue of the Group are construction contracts. In respect of the construction contracts, the directors of the Company have considered the guidance of HKFRS 15 on contract combination, contract modifications, variable consideration and the existence of significant financing component in the contracts. The directors of the Company have assessed that revenue from these construction contracts will be recognised over time during the course of construction. Furthermore, the directors of the Company have considered that the output method currently used to measure the progress towards complete satisfaction of these performance obligations appropriately depicts the performance under the contracts and will continue to be applied under HKFRS 15. Based on the preliminary assessment, the directors of the Company expect that, apart from additional disclosures required on the revenue transactions, the adoption of HKFRS 15 will not have other material impact on amounts reported in the Group's consolidated financial statements.

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 ("HKFRSs") (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 become 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 2018, the Group has non-cancellable operating lease commitments of HK$415,000 as disclosed in note 25. 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 leases unless they are exempt from the reporting obligations under HKFRS 16. The directors of the Company expect that, apart from the changes in the measurement, presentation and disclosure as indicated above, the adoption of HKFRS 16 will not have other material impact on amounts reported in the Group's consolidated financial statements.

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 (the "Listing Rules") 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 reassesses 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 ceases 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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.

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.

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less accumulated impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

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, 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

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 representing trade and other payables 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.

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. 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 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.

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 within the next financial year.

Construction contracts revenue recognition

The Group recognises contract revenue and profit on a construction contract according to the management's estimation of the total outcome of the project as well as the percentage of completion of construction work with reference to the progress certificates issued by the customers. The management estimates the contract costs on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of management. Because of the nature of the activities undertaken in the construction business, the Group reviews and revises the estimates of contract revenue, contract costs and variation orders to the budget prepared for each construction contract as the contract progresses. The actual outcome of the contracts in terms of its total revenue earned and costs incurred may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Estimated impairment of trade and retention receivables

The Group reviews its trade and retention receivables to assess impairment on a periodic basis. The impairment assessment on trade and retention receivables of the Group is based on an evaluation of collectability and ageing analysis of outstanding balances and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, taking into account the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required. As at 31 March 2018, the carrying amount of trade and retention receivables was HK$37,209,000 (2017: HK$22,795,000). No impairment loss on trade and retention receivables is required for the years ended 31 March 2018 and 2017.

Depreciation of plant and equipment

The Group depreciates the plant and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives reflect 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. The management periodically reviews the estimated useful lives of the plant and equipment. Any change in depreciable lives will affect the depreciation charges in each reporting period.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimated impairment of plant and equipment

The management of the Group determines whether the plant and equipment are impaired, when there is an indication that these assets may suffer an impairment loss. An impairment loss of plant and equipment is recognised when the carrying amount exceeds the recoverable amount, in accordance with the Group's accounting policy. The recoverable amounts of plant and equipment have been determined based on the higher of value in use and fair value less costs of disposal. The value-in-use calculations require the use of estimates such as the future revenue and discount rates. As at 31 March 2018, the carrying amount of plant and equipment was approximately HK$51,166,000 (2017: HK$29,958,000), no impairment losses is required for the year ended 31 March 2018 after performing impairment assessment.

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 obligations under finance leases disclosed in note 22, net of cash and cash equivalents disclosed in note 20, 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

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables (including bank balances)	**76,011**	123,879
Other financial liabilities		
At amortised cost	**29,859**	25,516

Financial risk management objectives and policies

The Group's major financial assets and financial liabilities include trade and other receivables, restricted bank balances, bank balances and cash, trade and other payables 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 2018 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 2018, the Group has concentration of credit risk as 34% of the total trade receivables are due from the Group's largest customer (2017: 0%) while 100% (2017: 94%) of the total trade receivables is due from the Group's five largest customers. The Group's concentration of credit risk by geographical locations is all in Hong Kong, which accounted for 100% (2017: 100%) of the total trade receivables as at 31 March 2018.

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 22). 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 19), variable-rate bank balances (see note 20) and variable-rate obligations under finance leases (see note 22). 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. The management of the Group considered that a reasonably possible change in interest rate would not have a material impact to the Group's result.

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. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations on the basis that the Group is expected to generate adequate cash flows from its operation.

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.

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 2018					
Trade and other payables	**29,859**	**–**	**–**	**29,859**	**29,859**
Obligations under finance leases	**4,523**	**2,924**	**896**	**8,343**	**8,127**
	34,382	**2,924**	**896**	**38,202**	**37,986**

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

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:

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

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

8. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Bank interest income	301	5
Gain on disposals of plant and equipment	626	26
Refund of contributions from MPF Scheme	80	68
Others	55	320
	1,062	419

9. FINANCE COSTS

	2018 HK$'000	2017 HK$'000
Interest on:		
– unsecured bank overdrafts and unsecured bank borrowings	–	7
– obligations under finance leases	326	349
	326	356

10. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Current year taxation		
Hong Kong Profits Tax	–	5,997
(Over) underprovision in prior years		
Hong Kong Profits Tax	(240)	713
Deferred taxation (note 23)	2,457	689
	2,217	7,399

Pursuant to the laws and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI as there is no income tax imposed in such jurisdiction.

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

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:

	2018 **HK$'000**	2017 HK$'000
Profit before taxation	**10,931**	27,145
Tax calculated at the domestic income tax rate	**1,804**	4,479
Tax effect of expenses not deductible	**703**	2,249
Tax effect of income not taxable	**(50)**	(22)
(Over) underprovision in prior years	**(240)**	713
Effect of tax exemption (note)	**–**	(20)
Income tax expense for the year	**2,217**	7,399

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

11. PROFIT FOR THE YEAR

	2018 **HK$'000**	2017 HK$'000
Profit for the year has been arrived at after charging:		
Staff costs		
– Salaries, wages, allowances and other benefits	**60,648**	30,201
– Redundancy costs	**442**	217
– Contributions to retirement benefits scheme	**1,896**	1,088
Total staff costs (excluding directors' and chief executive's emoluments (note 12))	**62,986**	31,506
Auditor's remuneration	**800**	780
Depreciation of plant and equipment	**17,784**	11,178
Minimum lease payments paid under operating lease in respect of office premises and car parks	**439**	290
Listing expenses	**–**	10,247

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 2018

	Ms. Choi HK$'000	Mr. Tang HK$'000	Mr. Kwok HK$'000	Ms. Wong Chi Yan HK$'000 (note i)	Total HK$'000
A) EXECUTIVE DIRECTORS:					
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings					
Fees	–	–	–	–	–
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings					
Other emoluments:					
Salaries and allowances	1,422	1,422	1,422	450	4,716
Performance related incentive payments bonus	–	–	–	–	–
Contributions to retirement benefits scheme	18	18	18	8	62
Sub-total emoluments	1,440	1,440	1,440	458	4,778

	Mr. Cheung Wai Lun Jacky HK$'000	Mr. Lee Chi Ming HK$'000	Mr. Tang Chi Wai HK$'000	Total HK$'000
B) INDEPENDENT NON-EXECUTIVE DIRECTORS:				
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings				
Fees	100	150	100	350
Total emoluments				5,128

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

For the year ended 31 March 2017

	Ms. Choi HK$'000	Mr. Tang HK$'000	Mr. Kwok HK$'000	Total HK$'000
A) EXECUTIVE DIRECTORS:				
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings				
Fees	–	–	–	–
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings				
Other emoluments:				
Salaries and allowances	1,222	1,222	1,372	3,816
Performance related incentive payments bonus	–	–	–	–
Contributions to retirement benefits scheme	18	18	18	54
Sub-total emoluments	1,240	1,240	1,390	3,870

	Mr. Cheung Wai Lun Jacky HK$'000 (note ii)	Mr. Lee Chi Ming HK$'000 (note ii)	Mr. Tang Chi Wai HK$'000 (note ii)	Total HK$'000
B) INDEPENDENT NON-EXECUTIVE DIRECTORS:				
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings				
Fees	53	80	53	186
Total emoluments				4,056

Notes:

(i) Appointed on 13 October 2017 and resigned on 14 June 2018.

(ii) 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 2018 and 2017.

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 2018 and 2017.

13. INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, three (2017: three) 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 (2017: two) individuals of the Group were as follows:

	2018 **HK$'000**	2017 HK$'000
Salaries, allowances and other benefits	**1,822**	1,776
Contributions to retirement benefits scheme	**18**	24
	1,840	1,800

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 2018 and 2017.

14. DIVIDENDS

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

During the year ended 31 March 2017, an interim dividend of HK$19,000,000 (HK$1,900,000 per share) was paid by a subsidiary, C&H Engineering Company Limited ("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:

	2018 **HK$'000**	2017 HK$'000
Earnings for the purpose of basic earnings per share		
Profit for the year attributable to the owners of the Company	**8,714**	19,746

	2018 **'000**	2017 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share (note)	**767,750**	674,695

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

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

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 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 and 1 April 2017	51,308	674	13,664	79	65,725
Additions	38,068	15	4,785	1,234	44,102
Disposals	(11,068)	–	(1,200)	–	(12,268)
At 31 March 2018	78,308	689	17,249	1,313	97,559
ACCUMULATED DEPRECIATION					
At 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 and 1 April 2017	29,013	579	6,100	75	35,767
Charge for the year	14,113	35	3,016	620	17,784
Eliminated on disposals	(6,633)	–	(525)	–	(7,158)
At 31 March 2018	36,493	614	8,591	695	46,393
CARRYING VALUES					
At 31 March 2018	41,815	75	8,658	618	51,166
At 31 March 2017	22,295	95	7,564	4	29,958

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

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

	2018 HK$'000	2017 HK$'000
Plant and machinery	**2,693**	5,402
Motor vehicles	**1,763**	2,938
	4,456	8,340

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

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

As at 31 March 2018, retentions held by customers for contract work amounted to approximately HK$21,774,000 (2017: HK$14,793,000) as set out in note 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

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

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

The Group does not hold any collateral over these balances.

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

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

18. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

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

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

	2018 **HK$'000**	2017 HK$'000
61 to 120 days	**–**	10
Over 1 year	**731**	–
	731	10

19. 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 after one year but within two years (2017: within one year). The balances are therefore classified as non-current assets (2017: current assets). The restricted bank balances carried at prevailing market rate 0.08% per annum (2017: 0.13% to 0.15% per annum) during the year ended 31 March 2018 and will be released upon completion of the contract.

20. BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates of approximately 0.01% per annum (2017: 0.01% per annum) during the year.

21. TRADE AND OTHER PAYABLES

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

21. TRADE AND OTHER PAYABLES (CONTINUED)

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

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

22. OBLIGATIONS UNDER FINANCE LEASES

	2018 **HK$'000**	2017 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**4,361**	5,170
Non-current liabilities	**3,766**	5,101
	8,127	10,271

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:

	2018	2017
Fixed-rate obligations under finance leases	**3.8% p.a. to 4.5% p.a.**	3.8% p.a. to 4.5% p.a.
Variable-rate obligations under finance leases	**4.5% p.a. to 5.0% p.a.**	4.5% p.a. to 5.0% p.a.

22. OBLIGATIONS UNDER FINANCE LEASES (CONTINUED)

	Minimum lease payments at 31 March		Present value of minimum lease payments at 31 March	
	2018	2017	**2018**	2017
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases				
Within one year	**4,523**	5,473	**4,361**	5,170
After one year but within two years	**2,924**	3,750	**2,875**	3,627
After two years but within five years	**896**	1,491	**891**	1,474
	8,343	10,714	**8,127**	10,271
Less: future finance charges	**(216)**	(443)	**N/A**	N/A
Present value of obligations under finance leases	**8,127**	10,271		
Less: amount due for settlement within 12 months (shown under current liabilities)			**(4,361)**	(5,170)
Amount due for settlement after 12 months			**3,766**	5,101

As at 31 March 2018 and 2017, the Group's obligations under finance leases are secured by the lessors' charge over the leased assets (note 16). As at 31 March 2018 and 2017, the Group's obligations under finance leases are secured by corporate guarantee given by the Company.

23. DEFERRED TAX LIABILITIES

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

	HK$'000
At 1 April 2016	2,263
Charged to profit or loss (note 10)	689
At 31 March 2017 and 1 April 2017	2,952
Charged to profit or loss (note 10)	2,457
At 31 March 2018	5,409

24. SHARE CAPITAL

	Number of shares		Share capital	
	2018	2017	**2018**	2017
			HK$'000	HK$'000
Ordinary shares of HK$0.01 each				
Authorised				
At the beginning of the year	**2,000,000,000**	38,000,000	**20,000**	380
Increase on 20 September 2016 (note a)	**–**	1,962,000,000	**–**	19,620
At the end of the year	**2,000,000,000**	2,000,000,000	**20,000**	20,000
Issued and fully paid				
At the beginning of the year	**767,750,000**	1	**7,678**	–
Issued as consideration for the acquisition of the issued share capital of Honestly Luck Limited (note b)	**–**	9,999	**–**	–
Capitalisation issue of shares (note d)	**–**	599,990,000	**–**	6,000
Issue of new shares in connection with the listing of shares of the Company (note c)	**–**	167,750,000	**–**	1,678
At the end of the year	**767,750,000**	767,750,000	**7,678**	7,678

Notes:

(a) 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.

(b) 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.

(c) 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.

(d) 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.

25. 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:

	2018 **HK$'000**	2017 HK$'000
Within one year	**385**	48
In the second to fifth year inclusive	**30**	–
	415	48

Operating lease payments represents rentals payable by the Group for its office premises and car parks. Leases are negotiated and rentals are fixed for a term of 2 years (2017: 1 to 2 years).

26. RELATED PARTY TRANSACTIONS

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

Related party	Nature of transaction	**2018** **HK$'000**	2017 HK$'000
Ms. Choi	Office rental paid (note)	**330**	–

The above transaction was conducted at terms determined on a basis mutually agreed between the Group and the related party.

Note:

The related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, however, they are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

(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:

	2018 **HK$'000**	2017 HK$'000
Short-term employee benefits	**7,103**	6,878
Post-employment benefits	**105**	113
	7,208	6,991

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.

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Other guarantees

During the year ended 31 March 2017, the Group accepted a quotation to take out a surety bond from a bank in favour of a customer for due performance of the Group's obligation under a construction contract, the surety bond and the personal guarantees given by Mr. Tang and Mr. Kwok in prior years were released upon completion of this contract.

27. 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 five 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.

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.

28. 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% (2017: 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 2018, the total expense recognised in the consolidated statement of profit or loss and other comprehensive income is approximately HK$1,958,000 (2017: HK$1,142,000), which represent contributions payable to the MPF scheme by the Group at rates specified in the rules of the scheme.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	1 April 2017 HK$'000	Financing cash flows HK$'000	Non-cash item – acquisition of plant and equipment HK$'000	31 March 2018 HK$'000
Liabilities				
Obligations under finance leases (note 22)	10,271	(7,360)	5,216	8,127

30. 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 2017, the Group currently had a legally enforceable right to set off the trade receivables from its customers and the trade payables to the same counterparties that were 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)	–

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

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

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

	Notes	**2018**	2017
		HK$'000	HK$'000
Non-current asset			
Investments in subsidiaries		**47,876**	47,824
Current assets			
Amount due from a subsidiary	(a)	**73,494**	43,495
Bank balances		**17,087**	50,985
		90,581	94,480
Current liabilities			
Amounts due to subsidiaries		**52**	–
Other payables		**815**	690
		867	690
Net current assets		**89,714**	93,790
Net assets		**137,590**	141,614
Capital and reserves			
Share capital		**7,678**	7,678
Reserves	(b)	**129,912**	133,936
Total equity		**137,590**	141,614

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

Notes:

(a) The amount is unsecured, interest-free and expected to be recovered within one year from the end of the reporting period.

(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 expense for the year	–	–	(16,279)	(16,279)
Arising from Reorganisation	–	47,823	–	47,823
Capitalisation issue of shares (note 24(d))	(6,000)	–	–	(6,000)
Shares issued under share offer (note 24(c))	115,747	–	–	115,747
Share issue expenses	(7,355)	–	–	(7,355)
At 31 March 2017 and 1 April 2017	102,392	47,823	(16,279)	133,936
Loss and total comprehensive expense for the year	–	–	(4,024)	(4,024)
At 31 March 2018	102,392	47,823	(20,303)	129,912

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.

32. PARTICULARS OF PRINCIPAL SUBSIDARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries as at 31 March 2018 and 2017 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 2018	2017	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

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

33. MARJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2018, 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$5,216,000 (2017: HK$7,968,000).