THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in CHerish Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser or the transferee(s) or the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer contained herein.

CHINA CENTURY HOLDINGS LIMITED

(Incorporated in British Virgin Islands with limited liability)

CHERISH HOLDINGS LIMITED

東盈控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 2113)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO MANDATORY UNCONDITIONAL CASH OFFER BY EMPEROR CAPITAL LIMITED ON BEHALF OF CHINA CENTURY HOLDINGS LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF CHERISH HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY CHINA CENTURY HOLDINGS LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to the Offeror

英皇融資有限公司
Emperor Capital Limited

Independent financial adviser to the Independent Board Committee

ASTRUM

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from Emperor Capital containing, among other things, details of the terms of the Offer is set out on pages 8 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 23 of this Composite Document. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in relation to the Offer is set out on pages 24 to 25 of this Composite Document. A letter from Astrum, the Independent Financial Adviser, containing its advice on the Offer to the Independent Board Committee is set out on pages 26 to 51 of this Composite Document.

The procedures for acceptance and settlement of the Offer and other related information are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar (in respect of the Offer) no later than 4:00 p.m. on Friday, 28 December 2018 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Document and/or the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the sub-paragraph headed "Overseas Shareholders" under the paragraph headed "THE OFFER" in the "Letter from Emperor Capital" on page 12 of this Composite Document and the paragraph headed "OVERSEAS SHAREHOLDERS" in Appendix I to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws and regulations of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all necessary formalities, regulatory and/or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether or not to accept the Offer.

The Composite Document will remain on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at http://www.cherishholdings.com as long as the Offer remains open.

7 December 2018

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The expected timetable set out below is indicative only and may be subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

	2018
Despatch date of this Composite Document and the accompanying Form of Acceptance and commencement date of the Offer *(Note 1)*	Friday, 7 December
Closing Date *(Note 1)*	Friday, 28 December
Latest time and date for acceptance of the Offer *(Notes 2 and 4)*	4:00 p.m. on Friday, 28 December
Announcement of the results of the Offer *(Note 2)*	No later than 7:00 p.m. on Friday, 28 December
	2019
Latest date of posting of remittances in respect of valid acceptances received under the Offer *(Notes 3 and 4)*	Wednesday, 9 January

Notes:

1. The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Document, and is capable of acceptance on and from that date until 4:00 p.m. on the Closing Date. Acceptances of the Offer shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in the section headed "RIGHT OF WITHDRAWAL" in Appendix I to this Composite Document.

2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer are 4:00 p.m. on Friday, 28 December 2018 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be issued on the website of the Stock Exchange by 7:00 p.m. on Friday, 28 December 2018, stating whether the Offer have been extended, revised or expired. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days' notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.

3. Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of the Offer) payable for the Offer Shares tendered under the Offer will be made to the Independent Shareholders accepting the Offer by ordinary post at their own risk as soon as possible, but in any event within 7 Business Days following the date of the receipt of duly completed Form of Acceptance together with all the valid requisite documents by the Registrar from the Independent Shareholders accepting the Offer in accordance with the Takeovers Code.

4. If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force on the Closing Date or the date for posting of remittances and it is (i) not cancelled in time for the trading of Shares on the Stock Exchange to resume in the afternoon, the Closing Date will be postponed to 4:00 p.m. on the next Business Day and the date for posting of remittances will be postponed to the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for the trading of Shares on the Stock Exchange to resume in the afternoon, the respective event will remain the same on the scheduled date according to the expected timetable.

Save as mentioned above, if the latest time for the acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) of any change in the expected timetable as soon as possible.

All times and dates in this Composite Document and the accompanying Form of Acceptance shall refer to Hong Kong times and dates.

NOTICE TO INDEPENDENT SHAREHOLDERS OUTSIDE HONG KONG

The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws and regulations of the relevant jurisdictions. Overseas Shareholders who are residents, citizens or nationals of jurisdictions outside Hong Kong should keep themselves informed about and observe, at their own responsibility, any applicable legal and regulatory requirements. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant overseas jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes due in respect of such overseas jurisdiction. The Offeror and parties acting in concert with it, the Company, Emperor Capital, Emperor Securities, Astrum, the Registrar, their respective ultimate beneficial owners, directors, officers, agents and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay. Please see the paragraph headed "Overseas Shareholders" under the section headed "The Offer" in the "Letter from Emperor Capital" in this Composite Document.

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meanings:

"acting in concert"	has the same meaning as ascribed to it under the Takeovers Code
"associate(s)"	has the same meaning as ascribed to it under the Takeovers Code
"Board"	the board of Directors
"Business Day(s)"	a day on which the Stock Exchange is open for the transaction of business
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"Closing Date"	28 December 2018, the closing date of the Offer, which is 21 days after the date on which this Composite Document is posted, or if the Offer is extended, any subsequent closing date of the Offer as extended and announced by the Offeror in accordance with the Takeovers Code
"China Medival"	China Medival Group Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Zhang
"Company"	CHerish Holdings Limited, an exempted company incorporated in the Cayman Islands on 31 March 2016 with limited liability under the Companies Law (Revised) of the Cayman Islands, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 2113)
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
"Completion Date"	the date on which Completion took place, being 22 October 2018
"Composite Document"	this composite offer and response document jointly despatched by the Offeror and the Company to the Shareholders in accordance with the Takeovers Code in respect of the Offer

"connected person(s)"	has the same meaning as ascribed to it under the Listing Rules and the term "connected" shall be construed accordingly
"controlling shareholder"	has the same meaning as ascribed to it under the Listing Rules
"Director(s)"	director(s) of the Company
"Emperor Capital"	Emperor Capital Limited, a licensed corporation permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, the financial adviser to the Offeror in respect of the Offer
"Emperor Securities"	Emperor Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities
"Encumbrances"	any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest or other third party right, deferred purchase, title retention, leasing, sale and repurchase or sale-and-leaseback or trust arrangement whatsoever over or in any property, assets or rights of whatsoever nature and includes any agreement for any of the same
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Facility"	a loan facility of up to HK$380,000,000 granted by Emperor Securities to the Offeror
"Form of Acceptance"	the form of acceptance and transfer of Shares in respect of the Offer accompanying this Composite Document
"Group"	the Company and its subsidiaries
"Guarantors"	Mr. Tang, Mr. Kwok and Ms. Choi
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China

"Independent Board Committee"	the independent committee of the Board, comprising all of the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Offer
"Independent Financial Adviser" or "Astrum"	Astrum Capital Management Limited, a licensed corporation permitted to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the Offer
"Independent Shareholders"	Shareholders other than the Offeror and parties acting in concert with it
"Independent Third Party(ies)"	person(s) or company(ies) who/which is/are not connected with the directors, chief executive or substantial shareholders (as defined under the Listing Rules) of the Company or any of its subsidiaries, or any of their respective associates
"Joint Announcement"	the announcement jointly issued by the Offeror and the Company dated 24 October 2018 in relation to, among other things, the Offer
"Last Trading Day"	19 October 2018, being the last full trading day immediately prior to suspension of trading in the Shares pending the release of the Joint Announcement
"Latest Practicable Date"	4 December 2018, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained in this Composite Document
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Cao"	Mr. Cao Qian, the sole shareholder of World Communication
"Mr. Kwok"	Mr. Kwok Hoi Chiu, an executive Director, a director and 10% beneficial owner of the Vendor
"Mr. Li"	Mr. Li Xiangzhong, the sole shareholder of Xianghua International
"Mr. Tang"	Mr. Tang Man On, an executive Director, a director and 40% beneficial owner of the Vendor

"Mr. Zhang"	Mr. Zhang Chengzhou, the sole director of the Offeror and the sole shareholder of China Medival
"Ms. Choi"	Ms. Choi Chun Chi Sandy, an executive Director, a director and 50% beneficial owner of the Vendor
"Offer"	the mandatory unconditional cash offer being made by Emperor Capital for and on behalf of the Offeror for the Offer Shares in accordance with the Takeovers Code
"Offer Period"	the period commencing from 24 October 2018, being the date of first issuance of an announcement by the Company in relation to the Offer under the Takeovers Code, and ending on the Closing Date
"Offer Price"	the price at which offer for each Offer Share is made, being HK$0.641 per Offer Share
"Offer Share(s)"	all the Share(s) in issue, other than those Shares already owned or agreed to be acquired by the Offeror or parties acting in concert with it
"Offeror"	China Century Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, details of which are set out in the section headed "Information on the Offeror" in the "Letter from Emperor Capital" in this Composite Document
"Overseas Shareholder(s)"	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
"PRC"	the People's Republic of China, for the purpose of this Composite Document, does not include Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Registrar"	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
"Relevant Period"	the period commencing from 24 April 2018, which is six months prior to 24 October 2018 (being the date of first issuance of an announcement by the Company in relation to the Offer under the Takeovers Code), up to and including the Latest Practicable Date

"Sale and Purchase Agreement"	the sale and purchase agreement dated 19 October 2018 entered into between the Vendor, the Guarantors and the Offeror in relation to the sale and purchase of the Sale Shares
"Sale Shares"	an aggregate of 397,865,000 Shares acquired by the Offeror pursuant to the Sale and Purchase Agreement
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Vendor"	Waterfront Palm Limited, a company incorporated in the British Virgin Islands with limited liability which is owned as to 50% by Ms. Choi, 40% by Mr. Tang and 10% by Mr. Kwok
"World Communication"	World Communication International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Cao
"Xianghua International"	Xianghua International Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Li
"%"	per cent.

英皇融資有限公司
Emperor Capital Limited
28/F, Emperor Group Centre
288 Hennessy Road
Wanchai, Hong Kong

7 December 2018

To the Independent Shareholders

Dear Sirs,

MANDATORY UNCONDITIONAL CASH OFFER BY EMPEROR CAPITAL LIMITED ON BEHALF OF CHINA CENTURY HOLDINGS LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF CHERISH HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY CHINA CENTURY HOLDINGS LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement. The Company was informed by the Vendor that on 19 October 2018 (after trading hours), the Vendor, the Guarantors and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Offeror agreed to acquire and the Vendor agreed to sell the Sale Shares, being 397,865,000 Shares in aggregate, representing approximately 51.82% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement, at a consideration of HK$254,999,635.80 in aggregate, equivalent to HK$0.64092 per Sale Share. Completion of the Sale and Purchase Agreement took place on 22 October 2018.

Immediately upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned a total of 397,865,000 Shares in aggregate, representing approximately 51.82% of the entire issued share capital of the Company.

Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror and parties acting in concert with it).

This letter forms part of this Composite Document and sets out, among other things, details of the Offer, information of the Offeror and its intention regarding the Group and its employees. Further details on the terms and the procedures for acceptance of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Independent Shareholders are strongly advised to carefully consider the information contained in the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser" and the appendices as set out in this Composite Document and to consult their professional advisers before reaching a decision as to whether or not to accept the Offer.

THE OFFER

Principal terms of the Offer

Emperor Capital, on behalf of the Offeror, hereby makes the Offer to acquire all the Offer Shares on the terms set out in this Composite Document on the following basis:

For each Offer Share .... HK$0.641 in cash

The Offer Price of HK$0.641 per Offer Share is equal to (after rounding up) the purchase price per Sale Share under the Sale and Purchase Agreement which was arrived at after arm's length negotiations between the Offeror and the Vendor. The Offer is unconditional in all respects.

The Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, i.e. the date of despatch of this Composite Document.

The Offer Price

The Offer Price of HK$0.641 per Offer Share represents:

(i) a premium of approximately 12.46% over the closing price of HK$0.570 per Share as quoted on the Stock Exchange on 19 October 2018, being the Last Trading Day;

(ii) a premium of approximately 39.35% over the average closing price of HK$0.460 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;

(iii) a premium of approximately 40.26% over the average closing price of HK$0.457 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;

(iv) a premium of approximately 35.81% over the average closing price of approximately HK$0.472 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;

(v) a premium of approximately 0.16% over the closing price of HK$0.64 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(vi) a premium of approximately 198.14% over the audited consolidated net asset value of the Group of approximately HK$0.215 per Share as at 31 March 2018 (being the date to which the latest audited consolidated annual results of the Group were made up), calculated based on the Group's audited consolidated net assets of approximately HK$164,732,000 as at 31 March 2018 and 767,750,000 Shares in issue as at the Latest Practicable Date; and

(vii) a premium of approximately 217.33% over the unaudited consolidated net asset value of the Group of approximately HK$0.202 per Share as at 30 September 2018, calculated based on the Group's unaudited consolidated net assets of approximately HK$154,997,000 as at 30 September 2018 and 767,750,000 Shares in issue as at the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period, the highest closing price of the Shares was HK$0.72 per Share as quoted on the Stock Exchange on 15 May 2018 and the lowest closing price of the Shares was HK$0.425 per Share as quoted on the Stock Exchange on 11 October 2018 and 16 October 2018 respectively.

Value of the Offer

Excluding 397,865,000 Shares held by the Offeror and parties acting in concert with it, the number of Shares subject to the Offer is 369,885,000.

Based on the Offer Price of HK$0.641 per Offer Share for 369,885,000 Offer Shares, the Offer is valued at HK$237,096,285.00.

The Company has no other outstanding convertible securities, warrants, options or derivatives in issue which may confer any rights to subscribe for, convert or exchange into Shares (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the Latest Practicable Date.

Financial resources available to the Offeror

The Offeror has paid the consideration under the Sale and Purchase Agreement from its own resources and by the Facility. The Offeror intends to fund the consideration payable under the Offer in full by the Facility. The Offeror confirms that the payment of interest on, repayment of or security for any liability (contingent or otherwise) in relation to the Facility will not depend to any significant extent on the business of the Group.

Pursuant to the arrangement of the Facility, amongst others, the Offeror has pledged all its shareholding of 397,865,000 Shares and such additional Shares which the Offeror may have acquired pursuant to the Offer or from time to time in favour of Emperor Securities.

The Facility would be available to satisfy full acceptance of the Offer and would not be affected by the underlying value of the Shares during the Offer Period. However, after the close of the Offer, if the market price of the Shares drops below HK$0.36 per Share and the

Offeror fails to repay such amount of the outstanding indebtedness of the Facility as requested by Emperor Securities within three business days, it constitutes event of default which Emperor Securities has the right to call for immediate repayment of the Facility.

Emperor Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient resources are available to the Offeror to satisfy the amount of funds required for full acceptance of the Offer.

Dealing and interest in the Company's securities

Save for the acquisition of the Sale Shares and the share charges executed pursuant to the Facility, the Offeror and parties acting in concert with it had not dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all liens, charges and Encumbrance and together with all rights attaching to them including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event, within seven Business Days following the date on which the duly completed Form of Acceptance and the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent or the Registrar) to render each such acceptance complete and valid.

Hong Kong stamp duty

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher. The amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholders accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Emperor Capital, Emperor Securities, Astrum, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

The availability of the Offer to Overseas Shareholders may be affected by the laws of the relevant overseas jurisdictions. Overseas Shareholders should observe any applicable legal or regulatory requirements and, where necessary, seek professional advice. Persons who are residents, citizens or nationals of jurisdiction outside Hong Kong should keep themselves informed about and observe, at their own responsibility, any applicable laws, regulations, requirements and restrictions in their own jurisdictions in connection with the acceptance of the Offer, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such overseas jurisdiction.

Any acceptance by any Overseas Shareholders and the beneficial owners of any Overseas Shareholders of the Offer will be deemed to constitute a representation and a warranty from such Overseas Shareholders to the Offeror that all applicable local laws and requirements have been complied with and such acceptance shall be valid and binding in accordance with all applicable laws and requirements. Overseas Shareholders should consult their own professional advisers if in doubt. Independent Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

INFORMATION ON THE GROUP

The Group principally engages in provision of 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 and associated structural works for construction of pile caps for commercial and residential building projects); and (d) road and drainage works.

Details of the information on the Group are set out in the "Letter from the Board" in this Composite Document.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in British Virgin Islands, the shares of which are owned as to 40% by China Medival, 30% by World Communication and 30% by Xianghua International. China Medival, World Communication and Xianghua International are wholly-owned by Mr. Zhang, Mr. Cao and Mr. Li respectively. Therefore, Mr. Zhang, Mr. Cao and Mr. Li are the ultimate beneficial owners of the Offeror and their biographical details are set out in the paragraph headed "Proposed change of Board composition" below. As at the Latest practicable Date, Mr. Zhang is the sole director of the Offeror. The Offeror, China Medival, World Communication and Xianghua International are investment holding companies.

Despite not having relevant experience in the business of the Group, Mr. Zhang, Mr. Cao and Mr. Li consider that investing in the Company could diversify and widen the investment portfolio of the Offeror.

Prior to Completion, each of the Offeror and its ultimate beneficial owners was Independent Third Party.

FUTURE INTENTIONS OF THE OFFEROR REGARDING THE GROUP

Upon Completion, the Offeror became a controlling Shareholder. The Offeror intends to continue the principal business of the Group. The Offeror has no intention to discontinue the employment of any employees of the Group (save for changes in the composition of the Board) and dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business.

The Offeror will, following the close of the Offer, conduct a review of the operations of the Group in order to formulate a long-term strategy for the Group and explore other business or investment opportunities for enhancing its future development and strengthening its revenue base. Subject to the results of the review, the Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. As at the Latest Practicable Date, the Offeror has not identified any such investment or business opportunities.

As at the Latest Practicable Date, the Offeror has no intention to enter nor has entered into any agreement, arrangement or understanding to (a) acquire and/or develop any new business; and (b) dispose of or downsize the existing businesses and/or any material operating assets of the Company.

Proposed change of Board composition

As at the Latest Practicable Date, the Board is made up of six Directors, comprising three executive Directors, being Mr. Tang, Mr. Kwok and Ms. Choi; and three independent non-executive Directors, being Mr. Cheung Wai Lun Jacky, Mr. Lee Chi Ming and Mr. Tang Chi Wai.

It is intended that, save for Mr. Cheung Wai Lun Jacky, Mr. Lee Chi Ming and Mr. Tang Chi Wai, who are existing independent non-executive Directors, other Directors will resign with effect from the earliest time permitted under the Takeovers Code. The Offeror intends to nominate new Directors to the Board with effect from no earlier than the date of despatch of this Composite Document.

The Offeror currently intends to nominate four proposed new members to the Board, namely Mr. Zhang, Mr. Li, and Mr. Cao Jun as executive Directors, and Mr. Cao as the non-executive Director. Such appointment will only take effect after the date of despatch of this Composite Document in accordance with the requirements of the Takeovers Code and further announcement(s) will be made upon any changes to the composition of the Board in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

Set out below are the biographic details of the nominees for appointment as Directors. Further details required by Rule 13.51(2) of the Listing Rules will be announced as and when appropriate:

Executive Directors

Mr. Zhang, who beneficially owns 40% of the Offeror and is the sole director of China Medival, aged 39, has been appointed as the director of China Century Group Limited (中國世紀集團有限公司) since 15 October 2018, a private company incorporated in Hong Kong principally engaged in securities investment, and executive director of Century Investment Holding Group (Shenzhen) Limited* (世紀投資控股集團(深圳)有限公司) since 27 October 2015, a private company established in the PRC which is principally engaged in the business of investment and corporate management consulting. On 12 March 2015, Mr. Zhang was appointed as a non-executive director of King Force Group Holdings Limited (stock code: 8315) and was then re-designated as an executive director on 21 April 2015 until his resignation on 27 November 2015. Mr. Zhang graduated from Beijing Institute of Business (北京工商學院) with a bachelor degree in business administration in July 2006.

Mr. Li, who beneficially owns 30% of the Offeror and is the sole director of Xianghua International, aged 44, has been appointed as the chairman of the board of Chengdu Iris Tourism Group Limited* (成都艾瑞絲旅遊集團有限公司) since 1 December 2017, a company principally engaged in the business of tourism development, hotel management and food and beverages, and the director of International Daily News Inc* (美國國際日報報業集團) since May 2017, a company principally engaged in the sales of newspapers through vendors and vending machines.

Mr. Cao Jun, aged 52, is currently the co-chair of the Chinese Overseas Artists Association and the co-chairman of the advisory board of the Nassau Museum of Art. Mr. Cao Jun has been appointed as a distinguished professor at the Research Institute of Traditional Chinese Painting of the School of Continuing Education of Renmin University of China (中國人民大學) since June 2017. Mr. Cao Jun graduated from The Shandong Institute of Mining and Technology* (山東礦業學院) with a bachelor's degree in mining engineering in July 1989.

* *For identification purpose only*

Non-executive Director

Mr. Cao, who beneficially owns 30% of the Offeror and is the sole director of World Communication, aged 29, has been appointed as the chairman of Shenzhen City Tianyi Qiyuan Cultural Communication Limited* (深圳市天一起源文化傳播有限公司) since 20 February 2016, a company principally engaged in the business of advertisement, corporate management consulting and events management. Mr. Cao obtained a diploma in administrative management from Central South University (中南大學) in January 2013 by way of distant learning.

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Shares after the close of the Offer.

PUBLIC FLOAT AND MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

(a) a false market exists or may exist in the trading of the Shares; or

(b) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. In order to ensure that within a reasonable period after the close of the Offer, there will be not less than 25% of the Company's total number of issued Shares held by the public, the sole director of the Offeror and the new Directors to be appointed to the Board by the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps within a reasonable period following the close of the Offer to ensure that at least 25% of the total number of issued Shares will be held by the public.

ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the details regarding further terms and conditions of the Offer, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code, including but not limited to a person who owns or controls 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) of the Company and the Offeror are hereby

* *For identification purpose only*

reminded to disclose their dealings in any securities of the Company pursuant to the requirements of the Takeovers Code. The full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

"Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation."

GENERAL

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

Attention of the Overseas Shareholders is drawn to the paragraph headed "Overseas Shareholders" under the section headed "THE OFFER" in this letter and Appendix I to this Composite Document.

All documents and remittances to be sent to the Independent Shareholders will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company and in the case of joint Independent Shareholders, to such Independent Shareholder whose name appears first in the register of members of the Company. The Offeror and parties acting in concert with it, the Company, Emperor Capital, Emperor Securities, Astrum, the Registrar or any of their respective directors or professional advisers or any other parties involved in the Offer will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document which form part of this Composite Document. You are reminded to carefully read the "Letter from the Board", the "Letter from the Independent Board Committee", the "Letter from the Independent Financial Adviser" and other information about the Group which are set out in this Composite Document before deciding whether or not to accept the Offer.

Yours faithfully,
For and on behalf of
Emperor Capital Limited
Louisa Choi
Director

CHerish Holdings Limited
東盈控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 2113)

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

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

Registered office:
Cricket Square,
Hutchins Drive,
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head Office and Principal Place of Business:
Office D, 16/F,
Kings Wing Plaza 1,
No 3 On Kwan Street,
Shek Mun,
New Territories,
Hong Kong

7 December 2018

To the Independent Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY EMPEROR CAPITAL LIMITED ON BEHALF OF CHINA CENTURY HOLDINGS LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF CHERISH HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY CHINA CENTURY HOLDINGS LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement. On 19 October 2018 (after trading hours), the Vendor, the Guarantors and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 397,865,000 Shares in aggregate, representing approximately 51.82% of the entire issued share capital of the Company as at the Latest Practicable Date, for a consideration of HK$0.64092 per Sale Share, equivalent to HK$254,999,635.80 in total.

The purchase price per Sale Share under the Sale and Purchase Agreement was arrived at after arm's length negotiations between the Offeror and the Vendor. The Sale Shares represented the entire holding of Shares by the Vendor immediately prior to the entering into of the Sale and Purchase Agreement. Completion took place on 22 October 2018.

Immediately prior to Completion, the Offeror and parties acting in concert with it did not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities. Immediately upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned a total of 397,865,000 Shares in aggregate, representing approximately 51.82% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror or parties acting in concert with it).

As at the Latest Practicable Date, the Company has 767,750,000 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the Latest Practicable Date.

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the terms of the Offer and as to acceptance of the Offer; and (iii) the letter from Astrum, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee in relation to the Offer.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising Mr. Cheung Wai Lun Jacky, Mr. Lee Chi Ming and Mr. Tang Chi Wai (being all of the independent non-executive Directors) has been established by the Company, to advise the Independent Shareholders in relation to the terms and conditions of the Offer, in particular as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. The above-named independent non-executive Directors have no direct or indirect interest or involvement in the Offer. It is considered appropriate for them to be members of the Independent Board Committee in this regard.

You are advised to read the "Letter from the Independent Board Committee" addressed to the Independent Shareholders, the "Letter from the Independent Financial Adviser" and the additional information contained in the appendices to this Composite Document before taking any action in respect of the Offer.

THE OFFER

Principal terms of the Offer

The terms of the Offer as set out in the ‘‘Letter from Emperor Capital’’ are extracted below. You are recommended to refer to the ‘‘Letter from Emperor Capital’’ and the Form of Acceptance for further details.

Emperor Capital, on behalf of the Offeror, is making the Offer on the following terms in accordance with Rule 26.1 of the Takeovers Code:

For each Offer Share .... HK$0.641 in cash

The Offer Price of HK$0.641 per Offer Share is equal to (after rounding up) the purchase price per Sale Share under the Sale and Purchase Agreement which was arrived at after arm's length negotiations between the Offeror and the Vendor. The Offer is unconditional in all respects. The Offer extends to all Independent Shareholders in accordance with the Takeovers Code.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer are set out in the ‘‘Letter from Emperor Capital’’ and appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Group principally engages in provision of 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 and associated structural works for construction of pile caps for commercial and residential building projects); and (d) road and drainage works.

Set out below is a summary of the audited consolidated results of the Company for each of the two financial years ended 31 March 2017 and 31 March 2018 as extracted from the annual report of the Company for the year ended 31 March 2018:

	For the year ended 31 March	
	2018	**2017**
	(audited)	**(audited)**
	HK$'000	*HK$'000*
Revenue	192,341	266,167
Profit before taxation	10,931	27,145
Profit and total comprehensive income for the year	8,714	19,746

	As at 31 March	
	2018	**2017**
	(audited)	**(audited)**
	HK$'000	*HK$'000*
Net assets	164,732	156,018

Your attention is drawn to the further details of the information of the Group as set out in appendices II and IV to this Composite Document.

SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately upon Completion and as at the Latest Practicable Date:

	Immediately prior to Completion		**Immediately upon Completion and as at the Latest Practicable Date**	
	Number of Shares	*Approximate % of issued Shares (Note 3)*	*Number of Shares*	*Approximate % of issued Shares (Note 3)*
Waterfront Palm Limited *(Note 1)*	397,865,000	51.82	—	—
Wealth China International Limited *(Note 2)*	83,335,000	10.85	83,335,000	10.85
The Offeror	—	—	397,865,000	51.82
Public Shareholders	286,550,000	37.33	286,550,000	37.33
Total	767,750,000	100.00	767,750,000	100.00

Notes:

1 Waterfront Palm Limited is beneficially owned as to 50% by Ms. Choi, 40% by Mr. Tang and 10% by Mr. Kwok. Each of Ms. Choi, Mr. Tang, and Mr. Kwok is an executive Director of the Company and a director of Waterfront Palm Limited.

2 Wealth China International Limited is beneficially owned as to 100% by Sin Yuk Hung and Li Lin as joint shareholders.

3 The percentages are subject to rounding difference, if any.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed "Information on the Offeror" in the "Letter from Emperor Capital" as set out in this Composite Document.

FUTURE INTENTIONS OF THE OFFEROR AND THE BOARD REGARDING THE GROUP

Your attention is drawn to the section headed "Future intentions of the Offeror regarding the Group" in the "Letter from Emperor Capital" as set out in this Composite Document. The Board is pleased to note that the Offeror intends to continue the principal business of the Group. The Offeror has no intention to discontinue the employment of any employees of the Group (save for changes in the composition of the Board) and dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business.

As at the Latest Practicable Date, the Board has no intention to enter nor has entered into any agreement, arrangement or understanding to (a) acquire and/or develop any new business; and (b) dispose of or downsize the existing businesses and/or any material operating assets of the Company.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

a. a false market exists or may exist in the trading of the Shares; or

b. there is insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend dealings in the Shares.

In order to ensure that within a reasonable period after the close of the Offer, there will be not less than 25% of the Company's total number of issued Shares held by the public, the sole director of the Offeror and the new Directors to be appointed to the Board by the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps within a reasonable period following the close of the Offer to ensure that at least 25% of the total number of issued Shares will be held by the public.

RECOMMENDATION

Your attention is drawn to the "Letter from the Independent Board Committee" set out on pages 24 to 25 of this Composite Document and the "Letter from the Independent Financial Adviser" set out on pages 26 to 51 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

Yours faithfully,
By the order of the Board
CHerish Holdings Limited
Tang Man On
Chairman

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offer.

CHerish Holdings Limited
東盈控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 2113)

7 December 2018

To the Independent Shareholders

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY EMPEROR CAPITAL LIMITED ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES OF CHERISH HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)

We refer to the composite offer and response document dated 7 December 2018 jointly issued by the Offeror and the Company (the "**Composite Document**"), of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed to constitute the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. Astrum has been appointed as the independent financial adviser to advise us in this respect. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the "Letter from the Independent Financial Adviser" on pages 26 to 51 of the Composite Document.

We also wish to draw your attention to the "Letter from the Board", the "Letter from Emperor Capital" and the additional information set out in the appendices to this Composite Document.

Taking into account the terms of the Offer and the advice from Astrum, we consider that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to accept the Offer.

However, for those Independent Shareholders who are considering to realise all or part of their holdings in the Shares, they should closely monitor the market price and liquidity of the Shares during the period of the Offer. Should the market price of the Shares exceed the Offer Price during the period of the Offer, and the sale proceeds (net of transaction costs) exceed the net proceeds receivable under the Offer, the Independent Shareholders may wish to consider selling their Shares in the market instead of accepting the Offer.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in this Composite Document and the Form of Acceptance.

Your faithfully,

For and on behalf of the
Independent Board Committee of
CHerish Holdings Limited

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

Independent non-executive Directors

The following is the full text of a letter of advice from Astrum to the Independent Board Committee in relation to the Offer, which has been prepared for the purpose of inclusion in this Composite Document.

ASTRUM

Room 2704, 27/F, Tower 1, Admiralty Centre,
18 Harcourt Road, Admiralty, Hong Kong

7 December 2018

To the Independent Board Committee of
CHerish Holdings Limited

Dear Sir or Madam,

MANDATORY UNCONDITIONAL CASH OFFER BY EMPEROR CAPITAL LIMITED ON BEHALF OF CHINA CENTURY HOLDINGS LIMITED TO ACQUIRE ALL THE ISSUED SHARES OF CHERISH HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY CHINA CENTURY HOLDINGS LIMITED AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

We refer to our engagement as the independent financial adviser to make recommendations to the independent board committee (the "**Independent Board Committee**") of CHerish Holdings Limited (the "**Company**") in relation to the mandatory unconditional cash offer (the "**Offer**") for all the issued shares of the Company (other than those already owned or agreed to be acquired by China Century Holdings Limited (the "**Offeror**") and parties acting in concert with it) being made by Emperor Capital Limited ("**Emperor Capital**") on behalf of the Offeror. Details of the Offer are disclosed in the composite offer and response document in respect of the Offer jointly issued by the Offeror and the Company dated 7 December 2018 (the "**Composite Document**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Composite Document unless the context otherwise requires.

On 19 October 2018, the Vendor, the Guarantors and the Offeror entered into the Sale and Purchase Agreement, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 397,865,000 Shares in aggregate, representing approximately 51.82% of the entire issued share capital of the Company as at the Latest Practicable Date, for a consideration of HK$254,999,635.80 in aggregate, equivalent to HK$0.64092 per Sale Share.

The purchase price per Sale Share under the Sale and Purchase Agreement was arrived at after arm's length negotiations between the Offeror and the Vendor. The Sale Shares represented the entire holding of the Shares by the Vendor immediately prior to the entering into of the Sale and Purchase Agreement. Completion took place on 22 October 2018.

Immediately prior to Completion, the Offeror and parties acting in concert with it did not hold, own, control or have direction over any Shares or voting rights of the Company or any other relevant securities. Immediately upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned a total of 397,865,000 Shares in aggregate, representing approximately 51.82% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Offeror or parties acting in concert with it).

As at the Latest Practicable Date, the Company had 767,750,000 Shares in issue. The Company did not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and had not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares, as at the Latest Practicable Date.

THE INDEPENDENT BOARD COMMITTEE

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Cheung Wai Lun Jacky, Mr. Lee Chi Ming and Mr. Tang Chi Wai, has been established to advise the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to acceptance of the Offer. We, Astrum Capital Management Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee in this regard. Our appointment has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

We are not connected with the Company, the Offeror, the Vendor, or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them and accordingly, are considered suitable to give independent advice to the Independent Board Committee in respect of the Offer. Apart from the normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, the Offeror, the Vendor, or any of their respective substantial shareholders, directors or chief executives, or any of their respective associates, or any party acting, or presumed to be acting, in concert with any of them.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, amongst others, the Joint Announcement, the annual reports of the Company for the years ended 31 March 2017 and 31 March 2018 (the "**2016–17 Annual Report**" and "**2017–18 Annual Report**", respectively), the interim results announcement of the Company for the six months ended 30 September 2018 (the "**2018 Interim Results Announcement**"), and the information contained in the Composite Document. We have also discussed with and reviewed the information provided by the management of the Group (the "**Management**") regarding the business and outlook of the Group.

We have relied on the information and facts provided, and the opinions expressed, by the Directors and the Management, which we have assumed to be true, accurate, complete and not misleading in all material aspects as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such representations as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have sought and received confirmation from the Directors and the Management that no material facts have been omitted from the information provided and opinions expressed by them to us. We consider that the information which we have received is sufficient for us to reach our opinion and recommendations as set out in this letter and to justify our reliance on such information. We have no reason to doubt the truth, accuracy or completeness of the information provided to us or to believe that any material information has been omitted or withheld. We have not, however, conducted any independent investigation into the business and affairs of the Group nor have we carried out any independent verification of the information provided.

We have not considered the tax and regulatory implications on the Independent Shareholders of their acceptances or non-acceptances of the Offer since these are particular to their own individual circumstances. In particular, the Independent Shareholders who are residents outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offer and, if in any doubt, should consult their own professional advisers.

PRINCIPAL TERMS OF THE OFFER

Emperor Capital, on behalf of the Offeror, is making the Offer on the following terms in accordance with Rule 26.1 of the Takeovers Code:

For each Offer Share .... HK$0.641 in cash

The Offer Price of HK$0.641 per Offer Share is equal to (after rounding up) the purchase price per Sale Share under the Sale and Purchase Agreement which was arrived at after arm's length negotiations between the Offeror and the Vendor. The Offer is unconditional in all respects.

The Offer extends to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, i.e. the date of despatch of the Composite Document.

For further details of the Offer (including the terms and procedures for acceptance of the Offer), please refer to the "Letter from Emperor Capital" as set out on pages 8 to 17 of the Composite Document, Appendix I to the Composite Document and the accompanying Form of Acceptance.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the Offer, we have considered the following principal factors and reasons:

1. Business, financial performance and prospects of the Group

A. Business of the Group

The Group is principally engaged in the provision of 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 and associated structural works for construction of pile caps for commercial and residential building projects); and (d) road and drainage works.

B. Financial information of the Group

Set forth below are (i) the audited consolidated financial information of the Group for the three years ended 31 March 2016, 31 March 2017 and 31 March 2018 ("**FY2016**", "**FY2017**" and "**FY2018**", respectively) as extracted from the 2016–17 Annual Report and the 2017–18 Annual Report, respectively; and (ii) the unaudited consolidated financial information of the Group for the six months ended 30 September 2017 and 30 September 2018 ("**1H2017**" and "**1H2018**", respectively) as extracted from the 2018 Interim Results Announcement:

Table 1: Financial information of the Group

	FY2016 *HK\$'000* (audited)	**FY2017** *HK\$'000* (audited)	**FY2018** *HK\$'000* (audited)	**1H2017** *HK\$'000* (unaudited)	**1H2018** *HK\$'000* (unaudited)
Revenue	210,046	266,167	192,341	91,127	76,860
Gross profit/(loss)	42,500	49,821	23,447	15,124	(3,348)
Profit/(loss) before taxation	34,599	27,145	10,931	9,649	(9,385)
Profit/(loss) attributable to owners of the Company for the year/period	28,424	19,746	8,714	7,898	(8,041)

	As at 31 March 2016 HK$'000 (audited)	As at 31 March 2017 HK$'000 (audited)	As at 31 March 2018 HK$'000 (audited)	As at 30 September 2018 HK$'000 (unaudited)
Non-current assets	21,910	31,135	58,793	61,201
Current assets	104,822	168,266	149,334	115,732
Current (liabilities)	(75,720)	(35,330)	(34,220)	(16,905)
Net current assets	29,102	132,936	115,114	98,827
Non-current (liabilities)	(5,810)	(8,053)	(9,175)	(5,031)
Equity attributable to owners of the Company	45,202	156,018	164,732	154,997

Source: the 2016–17 Annual Report, the 2017–18 Annual Report and the 2018 Interim Results Announcement

(i) For the year ended 31 March 2017 (i.e. FY2017)

In FY2017, the Group recorded total revenue of approximately HK$266.2 million, representing an increase of approximately 26.7% as compared to approximately HK$210.0 million in FY2016. Such increase was mainly attributable to the commencement of newly awarded projects in Tuen Mun, Islands and Kwun Tong districts with contract sum of approximately HK$173.9 million, contributing revenue of approximately HK$66.0 million in FY2017 (representing approximately 24.8% of the total revenue of the Group in FY2017). The Group's gross profit increased by approximately 17.2% from approximately HK$42.5 million in FY2016 to approximately HK$49.8 million in FY2017, and the gross profit margin decreased by approximately 1.5 percentage points from approximately 20.2% in FY2016 to approximately 18.7% in FY2017. As advised by the Management, the decrease in gross profit margin was mainly due to the commencement of several projects in FY2017 which carried lower gross profit margin.

In FY2017, the Group recorded profit attributable to owners of the Company of approximately HK$19.7 million, representing a decrease of approximately 30.5% as compared to approximately HK$28.4 million in FY2016. Such decrease was primarily attributable to the increase in listing expenses from approximately HK$2.8 million in FY2016 to approximately HK$10.2 million in FY2017. Excluding the non-recurring listing expenses, the Group's profit would reach approximately HK$29.9 million in FY2017.

The total assets of the Group increased by approximately HK$72.7 million from approximately HK$126.7 million as at 31 March 2016 to approximately HK$199.4 million as at 31 March 2017. The total assets of the Group as at 31 March 2017 mainly comprised (i) bank balances and cash of approximately HK$98.2 million (31 March 2016: approximately HK$52.2 million); (ii) amounts due from customers for contract work of approximately HK$43.2 million (31 March 2016: approximately HK$19.8 million); (iii) plant and equipment of approximately HK$30.0 million (31 March 2016: approximately HK$21.9 million); and (iv) trade and other receivables of approximately HK$24.3 million (31 March 2016: approximately HK$32.7 million).

The total liabilities of the Group decreased by approximately HK$38.1 million from approximately HK$81.5 million as at 31 March 2016 to approximately HK$43.4 million as at 31 March 2017. The total liabilities of the Group as at 31 March 2017 mainly comprised (i) trade and other payables of approximately HK$25.5 million (31 March 2016: approximately HK$31.8 million); and (ii) obligations under finance leases of approximately HK$10.3 million (31 March 2016: approximately HK$6.9 million).

The equity attributable to owners of the Company increased by approximately 245.2% from approximately HK$45.2 million as at 31 March 2016 to approximately HK$156.0 million as at 31 March 2017 as a result of the net proceeds received from the listing of approximately HK$97.0 million.

(ii) For the year ended 31 March 2018 (i.e. FY2018)

In FY2018, the Group recorded total revenue of approximately HK$192.3 million, representing a decrease of approximately 27.7% as compared to approximately HK$266.2 million in FY2017. Such decrease was mainly attributable to the keen competition in the construction industry resulting in fewer projects awarded in FY2018. The Group's gross profit decreased by approximately 52.9% from approximately HK$49.8 million in FY2017 to approximately HK$23.4 million in FY2018, and the gross profit margin decreased by approximately 6.5 percentage points from approximately 18.7% in FY2017 to approximately 12.2% in FY2018. As advised by the Management, the decrease in gross profit margin was mainly due to (i) increase in labour expenses, material cost and subcontracting fee incurred for various types of variation works performed and delay in work progress of a project in Shatin district; and (ii) increase in the usage of direct labour due to the category of the works performed by the Group in FY2018.

In FY2018, the Group recorded profit attributable to owners of the Company of approximately HK$8.7 million, representing a decrease of approximately 55.9% as compared to approximately HK$19.7 million in FY2017. Such decrease was mainly attributable to the decrease in revenue and gross profit margin as mentioned above.

The total assets of the Group increased by approximately HK$8.7 million from approximately HK$199.4 million as at 31 March 2017 to approximately HK$208.1 million as at 31 March 2018. The total assets of the Group as at 31 March 2018 mainly comprised (i) amounts due from customers for contract work of approximately HK$76.0 million (31 March 2017: approximately HK$43.2 million); (ii) plant and equipment of approximately HK$51.2 million (31 March 2017: approximately HK$30.0 million); (iii) trade and other receivables of approximately HK$37.9 million (31 March 2017: approximately HK$24.3 million); and (iv) bank balances and cash of approximately HK$31.1 million (31 March 2017: approximately HK$98.2 million).

The total liabilities of the Group remained stable and amounted to approximately HK$43.4 million as at 31 March 2017 and 31 March 2018. The total liabilities of the Group as at 31 March 2018 mainly comprised (i) trade and other payables of approximately HK$29.9 million (31 March 2017: approximately HK$25.5 million); (ii) obligations under finance leases of approximately HK$8.1 million (31 March 2017: approximately HK$10.3 million); and (iii) deferred tax liabilities of approximately HK$5.4 million (31 March 2017: approximately HK$3.0 million).

The equity attributable to owners of the Company increased from approximately HK$156.0 million as at 31 March 2017 to approximately HK$164.7 million as at 31 March 2018, as a result of the profit of approximately HK$8.7 million recorded in FY2018.

(iii) For the six months ended 30 September 2018 (i.e. 1H2018)

In 1H2018, the Group recorded total revenue of approximately HK$76.9 million, representing a decrease of approximately 15.7% as compared to approximately HK$91.1 million in 1H2017. Such decrease was mainly attributable to the keen competition in the industry leading to lesser number of sizable projects commenced. The Group recorded gross loss of approximately HK$3.3 million in 1H2018 as compared to gross profit of approximately HK$15.1 million in 1H2017. The change from gross profit to gross loss was mainly attributable to (i) additional direct costs incurred in a roadworks, drainage and duct works project in Islands District arising from additional work procedures, workers, machines and time being required to deal with the order instructed by the main contractor; and (ii) increase in labour cost, subcontracting fees and overhead costs in a site formation project in Shatin District due to delay in work progress as a result of changing working schedules as requested by the main contractor. In 1H2018, the Group recorded loss attributable to owners of the Company of approximately HK$8.0 million as compared to profit of approximately HK$7.9 million in 1H2017. Such change was mainly attributable to decrease in revenue and increase in cost of sales as mentioned above.

The total assets of the Group decreased by approximately HK$31.2 million from approximately HK$208.1 million as at 31 March 2018 to approximately HK$176.9 million as at 30 September 2018. The total assets of the Group as at 30 September 2018 mainly comprised (i) contract assets of approximately HK$98.3 million (31 March 2018: approximately HK$95.7 million, under the reclassification of trade and other receivables of approximately HK$21.8 million and amounts due from customers for contract work of approximately HK$73.9 million after the adoption of HKFRS 15 Revenue from Contracts with

Customers); (ii) plant and equipment of approximately HK$44.6 million (31 March 2018: approximately HK$51.2 million); and (iii) restricted bank balances of approximately HK$15.3 million (31 March 2018: approximately HK$7.6 million).

The total liabilities of the Group decreased by approximately HK$21.5 million from approximately HK$43.4 million as at 31 March 2018 to approximately HK$21.9 million as at 30 September 2018. The total liabilities of the Group as at 30 September 2018 comprised (i) trade and other payables of approximately HK$16.9 million (31 March 2018: approximately HK$29.9 million); and (ii) deferred tax liabilities of approximately HK$5.0 million (31 March 2018: approximately HK$5.4 million).

The equity attributable to owners of the Company decreased from approximately HK$164.7 million as at 31 March 2018 to approximately HK$155.0 million as at 30 September 2018, as a result of the loss of approximately HK$8.0 million recorded in 1H2018.

(iv) Analysis

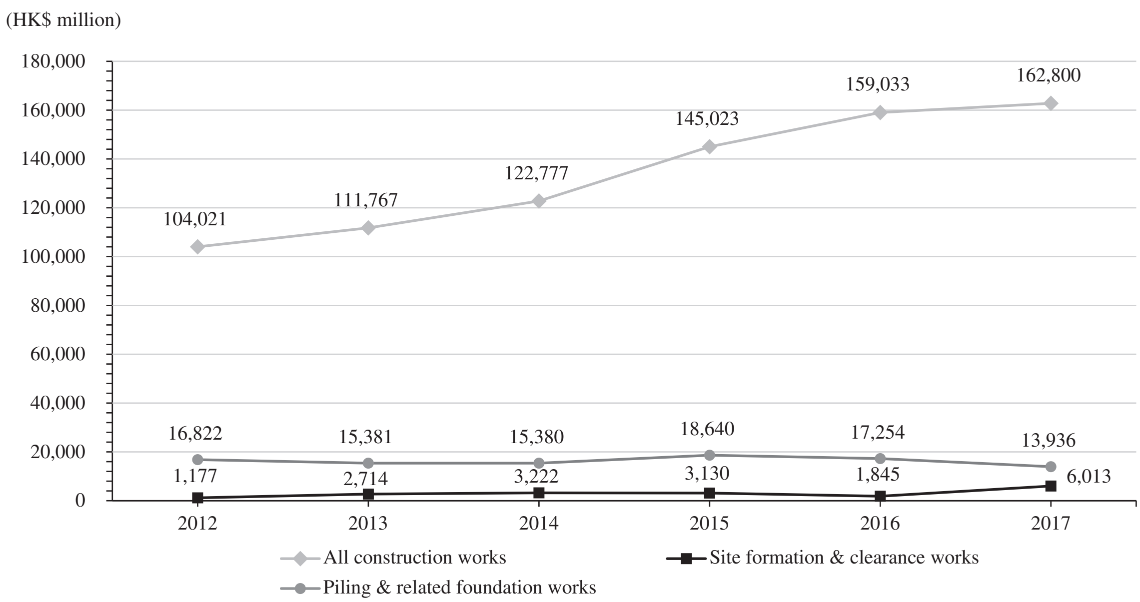
Having considered (i) the decreasing trend of the Group's profit attributable to owners of the Company for the last three financial years; (ii) the turnaround from net profit position in 1H2017 to net loss position in 1H2018; and (iii) the keen competition in the construction industry in Hong Kong, in which the Group operates, we consider that the Group's business prospect remains uncertain. Those Independent Shareholders who wish to retain some or all of the Shares should consider the past financial performance of the Group and the business prospects of the Group as detailed in the section headed "C. Business prospects of the Group" below, or otherwise are reminded to closely monitor the development of the Group and the publications of the Company (including the Composite Document) in this regard.

C. Business prospects of the Group

The Group is principally engaged in the provision of site formation works as a subcontractor in Hong Kong. The Group's direct customers are mostly main contractors of various types of infrastructural, commercial and residential buildings in Hong Kong. As disclosed in the 2017–18 Annual Report, there was a slowdown in growth of Government works with the launch of fewer large-scale infrastructure projects in year 2018–2019 as compared with that in year 2017–2018. Furthermore, the filibustering and long funding process in the Legislative Council during the last two years has intensified the competition among industry players, leading to the dilution of profit margin of projects. The Management expects that the prospect for the construction industry in Hong Kong will remain challenging.

We have conducted research on the construction industry (including site formation works) in Hong Kong through public domains. Set out below is the diagram showing the gross value of all construction works, site formation and clearance works, as well as piling and related foundation works in nominal terms performed by main contractors from 2012 to 2017:

Chart 1: Gross value of all construction works, site formation and clearance works, as well as piling and related foundation works



Source: Census and Statistics Department

Note: Construction works comprised (i) site formation & clearance; (ii) piling & related foundation works; (iii) erection of architectural superstructure; and (iv) civil engineering construction.

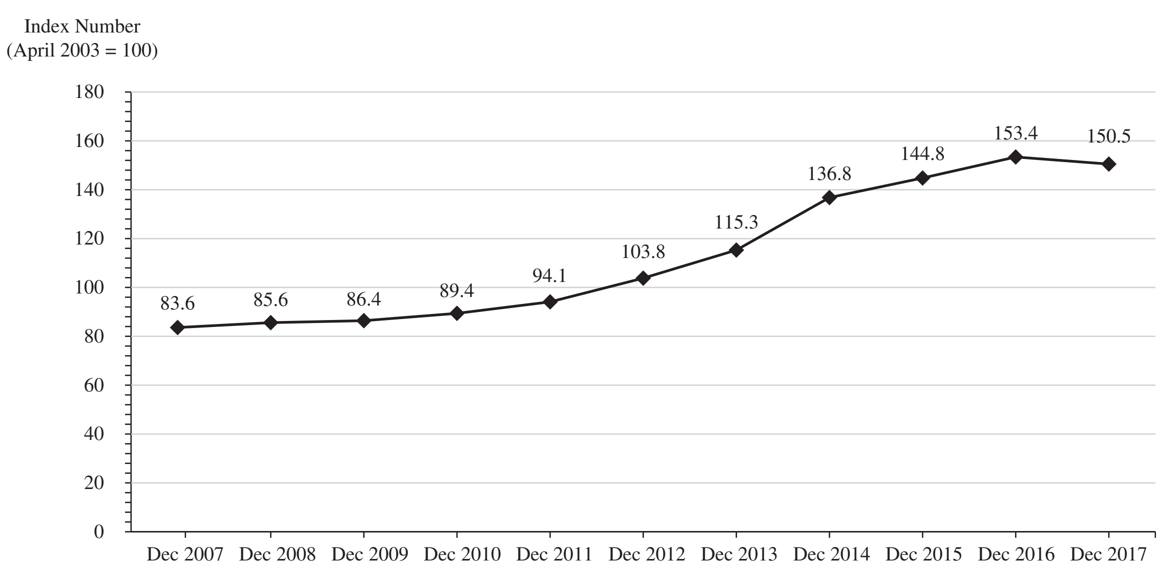
As illustrated in Chart 1 above, the gross value of all construction works in Hong Kong demonstrated an increasing trend from 2012 to 2017 and surged from approximately HK$104,021 million in 2012 to approximately HK$162,800 million in 2017, representing a compound annual growth rate (the "**CAGR**") of approximately 9.4%. During the same period of time, the gross value of site formation and clearance works increased from approximately HK$1,177 million to approximately HK$6,013 million, representing a CAGR of approximately 38.6% while the gross value of piling and related foundation works decreased slightly from approximately HK$16,822 million to approximately HK$13,936 million. The expansion of the site formation and clearance industry was in line with that of the construction industry and the piling and related foundation works remained relatively stable. Nevertheless, due to the slowdown in growth of Government works with the launch of fewer large-scale infrastructure projects in year 2018–2019, the gross value of site formation works in Hong Kong experienced a drop of approximately 27.6% to approximately HK$2,382 million for the first half of 2018, as compared to the corresponding period in the previous year.

Amid the slowdown in growth of governmental construction works, infrastructure and land resources are among the top priorities on the government's agenda in the 2018–2019 Budget of the Hong Kong government. The government has put forward an array of initiatives to stimulate the growth of the construction industry by not only injecting approximately HK$85.6 billion to infrastructure projects but also devoting resources to produce approximately 100,000 units of public housing for the next five years which opens up numerous new business opportunities for the Group. The strong support from the government will possibly bring beneficial impacts to the sustainable growth of the construction industry in Hong Kong and also, the Group.

Moreover, the increase in number of competitors will lead to a more fierce competition in the industry. According to the Buildings Department of Hong Kong, there were 195 contractors registered as Specialist Contractors (Sub-register of Site Formation Works Category) as at the Latest Practicable Date, as compared to 179 registered contractors in May 2016. On the other hand, the number of registered subcontractors for earthwork under the Subcontractors Registration Scheme managed by the Construction Industry Council (a statutory body corporate established under the Construction Industry Council Ordinance (Chapter 587 of the Laws of Hong Kong)) also increased from 391 in May 2016 to 421 as at the Latest Practicable Date. The increasing number of market players will result in a more competitive tendering process, which may increase the difficulty for the Company to award new projects and thus adversely affect the performance of the Group.

In addition to the atmosphere of the construction industry and the keen competition among industry players, the continuing escalation of labour costs is considered to be another critical factor for the prospect of the Group. Based on our research from public domains, set out below is the diagram showing the index number of composite labour wage for building contracts of public sector from December 2007 to December 2017:

Chart 2: Index number of composite labour wages for building contracts of public sector



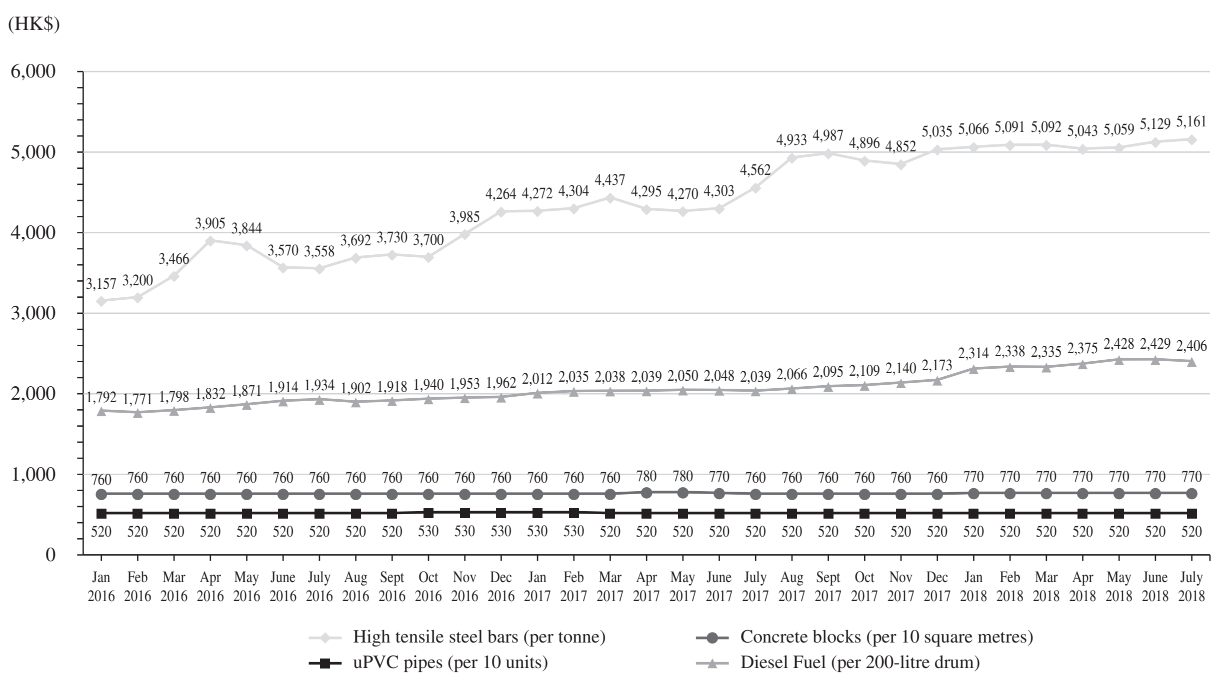
Source: Census and Statistics Department

Note: April 2003 is adopted as the base period (i.e. April 2003 = 100)

As set out in Chart 2 above, the index number of composite labour wages for building contracts of public sector increased from 83.6 in December 2007 to 150.5 in December 2017, representing a CAGR of approximately 6.1%. Having considered the fact that the Group's staff cost for FY2018 of approximately HK$68.1 million represented over one third of the Group's total revenue, the continual escalation in labour cost would bring detrimental impacts to the financial performance of the Group in future.

Apart from the continuous rise in labour cost, the material cost also experienced an increase in recent years. Set out below is the chart showing the average wholesale prices of four common building materials used by the Group during its usual and ordinary course of business, namely high tensile steel bars, concrete blocks, uPVC pipes and diesel fuel.

Chart 3: Average wholesale prices of selected building materials



Source: Census and Statistics Department

As shown in the above chart, the average wholesale prices of high tensile steel bars and diesel fuel showed an upward trend which increased from HK$3,157 per tonne and HK$1,792 per 200-litre drum respectively in January 2016 to HK$5,161 per tonne and HK$2,406 per 200-litre drum respectively in July 2018, representing an increase of approximately 63.5% and approximately 34.3% respectively. On the other hand, the average wholesale prices of concrete blocks and uPVC pipes remained stable during the relevant period. The rise in material costs would inevitably increase the Group's expenses on building materials and would, in turn, affect the profitability of the Company in a negative way.

Notwithstanding the strong support from the government on the construction industry, after taking into consideration the keen competition among the construction industry players and the continual escalation in labour cost and material cost, we are of the opinion that there remains uncertain in the future performance of the Group.

2. Principal terms of the Offer

Emperor Capital, on behalf of the Offeror, makes the Offer to acquire all the Offer Shares on terms set out in the Composite Document on the following basis:

For each Offer Share .... HK$0.641 in cash

The Offer Price of HK$0.641 per Offer Share is equal to (after rounding up) the purchase price per Sale Share under the Sale and Purchase Agreement which was arrived at after arm's length negotiations between the Offeror and the Vendor. The Offer is unconditional in all respects.

The Offer extends to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including the right to receive in full all dividends and other distributions, if any, declared, made or paid by reference to a record date on or after the date on which the Offer is made, i.e. the date of despatch of the Composite Document.

The Offer Price of HK$0.641 per Offer Share represents:

(i) a premium of approximately 12.5% over the closing price of HK$0.570 per Share as quoted on the Stock Exchange on 19 October 2018, being the Last Trading Day;

(ii) a premium of approximately 39.4% over the average closing price of HK$0.460 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;

(iii) a premium of approximately 40.3% over the average closing price of HK$0.457 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;

(iv) a premium of approximately 35.8% over the average closing price of HK$0.472 per Share as quoted on the Stock Exchange for the last thirty (30) consecutive trading days up to and including the Last Trading Day;

(v) a premium of approximately 198.1% over the audited consolidated net asset value of the Group of approximately HK$0.215 per Share as at 31 March 2018 (being the date to which the latest audited consolidated annual results of the Group were made up), calculated based on the Group's audited consolidated net assets of approximately HK$164,732,000 as at 31 March 2018 and 767,750,000 Shares in issue as at the Latest Practicable Date;

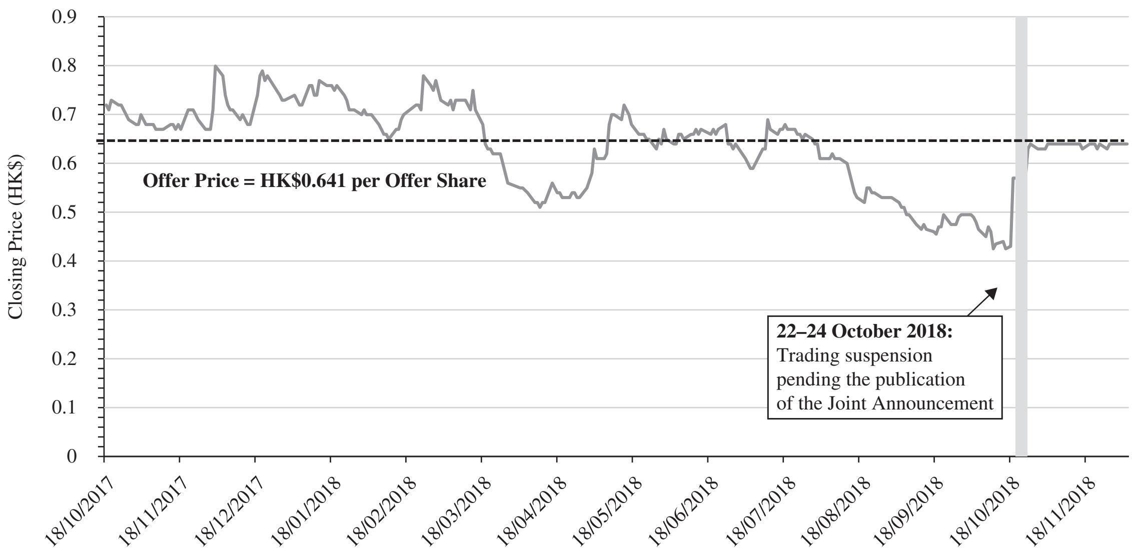
(vi) a premium of approximately 217.5% over the unaudited consolidated net asset value of the Group of approximately HK$0.202 per Share as at 30 September 2018, calculated based on the Group's unaudited consolidated net assets of approximately HK$154,997,000 as at 30 September 2018 and 767,750,000 Shares in issue as at the Latest Practicable Date; and

(vii) a premium of approximately 0.2% over the closing price of HK$0.640 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

A. Historical price performance of the Shares

Set out below is the chart showing the daily closing price of the Shares as quoted on the Stock Exchange during the period commencing from 18 October 2017, being the twelve-month period prior to the Last Trading Day, up to and including the Latest Practicable Date (the "**Review Period**"):

Chart 4: Share price performance during the Review Period



Source: the website of the Stock Exchange (www.hkex.com.hk)

Note: Trading in the Shares was suspended from 22 October 2018 to 24 October 2018 pending the publication of the Joint Announcement.

As illustrated in Chart 4 above, during the Review Period, the closing price of the Shares ranged from the lowest closing price of HK$0.425 per Share as recorded on 11 October 2018 and 16 October 2018 to the highest closing price of HK$0.800 per Share as recorded on 1 December 2017, with an average price of approximately HK$0.637 per Share. The Offer Price represents (i) a premium of approximately 50.8% over the lowest closing price of the Shares; (ii) a discount of approximately 19.9% to the highest closing price of the Shares; and (iii) a premium of approximately 0.6% over the average closing price of the Shares during the Review Period, respectively.

During the period from 18 October 2017 to 15 March 2018, the closing price of the Shares traded within the range from HK$0.650 per Share to HK$0.800 per Share. The closing price of the Shares then decreased from HK$0.710 per Share on 16 March 2018 to HK$0.510 per Share on 11 April 2018 and bounced back to HK$0.720 per Share on 15 May 2018. We have discussed with the Management regarding the fluctuation of the Share price and were advised that save for (i) the interim results announcement of the Company for the six months ended 30 September 2017 published on 23 November 2017; and (ii) the profit warning announcement of the Company published on 11 May 2018, they are not aware of other particular reason that led to the fluctuation of the price of the Shares.

Thereafter, the closing price of the Shares exhibited a decreasing trend, reached the lowest closing price of HK$0.425 per Share on 11 October 2018 and 16 October 2018, and closed at HK$0.57 per Share on the Last Trading Day (i.e. 19 October 2018). We have discussed with the Management regarding the downward trend of the share price and were advised that save for the annual results announcement of the Company for the year ended 31 March 2018 published on 21 June 2018, they are not aware of other particular reason that led to the decreasing trend of the price of the Shares.

At the request of the Company, trading in the Shares was suspended from 22 October 2018 to 24 October 2018 pending the publication of the Joint Announcement. Following the resumption of trading, the closing price of the Shares increased by approximately 10.5% to HK$0.630 per Share on 25 October 2018 (being the first trading day after the publication of the Joint Announcement) as compared to that of HK$0.570 per Share on the Last Trading Day and the closing price of the Shares, in general, fluctuated within a narrow range during the period commencing from 25 October 2018 to the Latest Practicable Date (the "**Post-announcement Period**"). We consider that such rise in the closing price of the Shares may be associated with the Offer as the Offer Price represents a premium over the closing price of the Shares on the Last Trading Day. As at the Latest Practicable Date, the closing price of the Shares was HK$0.640 per Share.

Independent Shareholders should note that the information set out above is not an indicator of the future performance of the Shares and that the price of the Shares may increase or decrease from its closing price after the Latest Practicable Date.

B. Historical trading volume of the Shares

The following table sets out the trading volume of the Shares during the Review Period:

Table 2: Trading volume of the Shares during the Review Period

Month/period	**Total trading volume** *(No. of Shares)*	**No. of trading days**	**Average daily trading volume** *(No. of Shares)*	**Percentage of the average daily trading volume to the total number of issued Shares** *(Note 2)*	**Percentage of the average daily trading volume to the number of issued Shares held by public Shareholders** *(Note 3)*
October 2017 (From 18 October)	16,675,000	10	1,667,500	0.217%	0.582%
November 2017	24,305,000	22	1,104,773	0.144%	0.386%
December 2017	110,770,000	19	5,830,000	0.759%	2.035%
January 2018	56,725,000	22	2,578,409	0.336%	0.900%
February 2018	40,450,000	18	2,247,222	0.293%	0.784%
March 2018	216,814,000	21	10,324,476	1.345%	3.603%
April 2018	47,210,000	19	2,484,737	0.324%	0.867%
May 2018	102,090,000	21	4,861,429	0.633%	1.697%
June 2018	24,122,000	20	1,206,100	0.157%	0.421%
July 2018	51,675,000	21	2,460,714	0.321%	0.859%
August 2018	43,087,000	23	1,873,348	0.244%	0.654%
September 2018	10,930,000	19	575,263	0.075%	0.201%
October 2018 *(Note 1)*	80,247,936	18	4,458,219	0.581%	1.556%
— From 2 October 2018 to 19 October 2018	*24,525,000*	*13*	*1,886,538*	*0.246%*	*0.658%*
— From 25 October 2018 (being the first trading day after the publication of the Joint Announcement) to 31 October 2018	*55,722,936*	*5*	*11,144,587*	*1.452%*	*3.889%*
November 2018	30,055,000	22	1,366,136	0.178%	0.477%
December 2018 (up to the Latest Practicable Date)	1,265,000	2	632,500	0.082%	0.221%

Source: the website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Trading in the Shares was suspended from 22 October 2018 to 24 October 2018 pending the publication of the Joint Announcement.

2. The calculation is based on the average daily trading volume of the Shares divided by the total issued share capital of the Company as at the Latest Practicable Date (i.e. 767,750,000 Shares).

3. The calculation is based on the average daily trading volume of the Shares divided by the number of Shares held by public Shareholders as at the Latest Practicable Date (i.e. 286,550,000 Shares).

As illustrated in Table 2 above, the average daily trading volume for the respective month/period during the Review Period ranged from approximately 575,263 Shares to approximately 10,324,476 Shares, representing approximately 0.075% to approximately 1.345% of the total number of issued Shares as at the Latest Practicable Date, or approximately 0.201% to approximately 3.603% of the total number of issued Shares held by public Shareholders as at the Latest Practicable Date.

During the period from 18 October 2017 until the publication of the Joint Announcement (the "**Pre-announcement Period**"), we noted that the average daily trading volume of the Shares in December 2017, March 2018 and May 2018 was relatively high. We have discussed with the Management regarding the relatively high trading volume of the Shares and were advised that save for the profit warning announcement of the Company published on 11 May 2018, they are not aware of other particular reason that led to the relatively high trading volume of the Shares.

Save for the particularly high daily trading volume of the Shares in December 2017, March 2018 and May 2018 as discussed above, the average daily trading volume of the Shares was relatively thin during the Pre-announcement Period. On 25 October 2018 (being the first trading day after the publication of the Joint Announcement), the trading volume of the Shares increased to approximately 34.1 million Shares and the average daily trading volumes increased from approximately 3.1 million Shares during the Pre-announcement Period to approximately 11.1 million Shares during the period from 25 October 2018 to 31 October 2018. We believe that the increase in trading volume of the Shares during the period from 25 October 2018 to 31 October 2018 was likely to be due to the market reaction to the announcement of the Offer. The average daily trading volume of the Shares then resumed to the relatively thin level of approximately 1.3 million Shares during the period from 1 November 2018 and up to the Latest Practicable Date.

It is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price. Therefore, we are of the view that the Offer represents an opportunity for the Independent Shareholders, particularly for those who hold a large volume of the Shares, to dispose of part or all of their Shares at the Offer Price if they so wish to.

C. Comparison with other comparable companies

In assessing the fairness and reasonableness of the Offer Price, we attempted to compare the Offer Price against the market valuation of other comparable companies using the price-to-earnings ratio ("**PE ratio**") and the price-to-book ratio ("**PB ratio**"), which are commonly used valuation multiples. The Group is principally engaged in the provision of site formation works including (i) 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); (ii) 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); (iii) foundation works (including excavation and lateral support works and associated structural works for construction of pile caps for commercial and residential building projects); and (iv) road and drainage works in Hong Kong (the "**Relevant Business**"). Therefore, we identified companies listed on the Main Board of the Stock Exchange based on the criteria that (i) over 80% of the revenue are generated from the Relevant Business in Hong Kong; and (ii) are of market capitalization of less than HK$1 billion as at the Latest Practicable Date. We have identified an exhaustive list of 14 companies (the "**Comparable Companies**") which met our above-mentioned selection criteria.

As each of the Comparable Companies has its own unique nature and characteristic in terms of, *inter alia*, business operation and environment, size, profitability and financial position, the comparison of the PE ratio and the PB ratio between the Comparable Companies and the Group may not represent an identical comparison. The Independent Shareholders should also note that the business operation and environment, size, profitability and financial position of the Comparable Companies are not equivalent to the Company and we have not conducted any in-depth investigation into the abovementioned business and affairs of the Comparable Companies. Nevertheless, we consider such comparison could be treated as an indication as to the reasonableness and fairness of the Offer Price, details of which are set out in the table below:

Table 3: Details of the Comparable Companies

Company name (Stock code)	**Principal activities**	**Market capitalization as at the Latest Practicable Date**	**Profit/(loss) attributable to equity holders in the latest full financial year prior to the Latest Practicable Date** *(Note 1)*	**Net assets attributable to equity holders based on the latest published financial statements prior to the Latest Practicable Date** *(Note 2)*	**PE ratio**	**PB ratio**
		(HK$'000)	*(HK$'000)*	*(HK$'000)*	*(times)*	*(times)*
Ling Yui Holdings Limited (784)	Engaged in providing foundation works including excavation and lateral support (the "**ELS**") works, pile cap works and pile construction, site formation works and other ancillary services such as road and drainage works for foundation projects in the private sector	320,000	15,187	109,540	21.07	2.92

Company name (Stock code)	**Principal activities**	**Market capitalization as at the Latest Practicable Date** *(HK$'000)*	**Profit/(loss) attributable to equity holders in the latest full financial year prior to the Latest Practicable Date** *(Note 1)* *(HK$'000)*	**Net assets attributable to equity holders based on the latest published financial statements prior to the Latest Practicable Date** *(Note 2)* *(HK$'000)*	**PE ratio** *(times)*	**PB ratio** *(times)*
Win Win Way Construction Holdings Ltd. (994)	Engaged in the provision of construction services, which mainly include foundation works and ancillary services and general building works, and sales of piles	642,600	22,887	341,243	28.08	1.88
In Construction Holdings Limited (1500)	Engaged as a contractor in the foundation industry in Hong Kong, undertaking foundation works as well as associated works including demolition works, site formation works, ground investigation field works and general building works for local customers	269,750	23,018	236,244	11.72	1.14
Chinney Kin Wing Holdings Limited (1556)	Engaged in foundation constructions and ancillary services, and drilling and site investigation works for both public and private sectors in Hong Kong and overseas	372,000	81,606	411,861	4.56	0.90
Shun Wo Group Holdings Limited (1591)	Engaged in undertaking foundation works in Hong Kong	348,000	5,562	162,942	62.57	2.14
Sheung Yue Group Holdings Limited (1633)	Engaged in the provision of foundation works including piling construction, ELS works, pile cap construction, site formation and ancillary services in Hong Kong and Macau	205,425	(25,716)	206,184	N/A *(Note 3)*	1.00

Company name (Stock code)	Principal activities	Market capitalization as at the Latest Practicable Date *(HK$'000)*	Profit/(loss) attributable to equity holders in the latest full financial year prior to the Latest Practicable Date *(Note 1)* *(HK$'000)*	Net assets attributable to equity holders based on the latest published financial statements prior to the Latest Practicable Date *(Note 2)* *(HK$'000)*	PE ratio *(times)*	PB ratio *(times)*
Yee Hop Holdings Limited (1662)	Engaged in the construction industry in Hong Kong focusing on the provision of foundation and other civil works and tunneling works	875,000	30,152	308,534	29.02	2.84
Wan Kei Group Holdings Limited (1718)	Engaged in provision of foundation construction and ground investigation services in Hong Kong	633,600	(70,247)	289,772	N/A *(Note 3)*	2.19
Wang Yang Holdings Limited (1735)	Engaged in the business of foundation works and superstructure building works in Hong Kong	623,040	10,728	188,568	58.08	3.30
Affluent Foundation Holdings Limited (1757)	Engaged in the provision of services related to foundation works in Hong Kong	330,000	16,049	178,666	20.56	1.85
Man King Holdings Limited (2193)	Engaged in providing civil engineering services in Hong Kong as a main contractor	331,656	7,007	239,135	47.33	1.39
Sam Woo Construction Group Limited (3822)	Engaged in the provision of foundation works and ancillary services in Hong Kong and Macau	302,400	5,519	671,697	54.79	0.45
Wing Chi Holdings Limited (6080)	Engaged in the foundation and site formation works and machinery leasing	494,888	11,989	180,696	41.28	2.74

Company name (Stock code)	Principal activities	Market capitalization as at the Latest Practicable Date *(HK$'000)*	Profit/(loss) attributable to equity holders in the latest full financial year prior to the Latest Practicable Date *(Note 1)* *(HK$'000)*	Net assets attributable to equity holders based on the latest published financial statements prior to the Latest Practicable Date *(Note 2)* *(HK$'000)*	PE ratio *(times)*	PB ratio *(times)*
Dragon Rise Group Holdings Limited (6829)	Engaged in undertaking foundation works in Hong Kong as a subcontractor	296,400	51,028	287,126	5.81	1.03
				Maximum:	**62.57**	**3.30**
				Minimum:	**4.56**	**0.45**
				Average:	**32.07**	**1.84**
				Median:	**28.55**	**1.87**
The Company		492,128 *(Note 4)*	8,714	154,997	56.48	3.18

Sources: the website of the Stock Exchange (www.hkex.com.hk) and the financial reports of the respective Comparable Companies

Notes:

1. Based on the figures of the respective Comparable Companies as published in the latest published annual reports.

2. Based on the figures of the respective Comparable Companies as published in the latest published annual reports or interim reports or interim results announcements.

3. The PE ratio is not available because the respective Comparable Companies recorded loss attributable to equity holders of the company in their respective latest full financial years.

4. The market capitalization of the Company is calculated based on the Offer Price and the number of issued Shares (i.e. 767,750,000 Shares) as at the Latest Practicable Date.

As set out in the Table 3 above, the PE ratios of the Comparable Companies ranged from approximately 4.56 times to approximately 62.57 times with an average of approximately 32.07 times and median of approximately 28.55 times. The PE ratio of the Company implied by the Offer Price of approximately 56.48 times is within the range and higher than the average and median of the PE ratios of the Comparable Companies.

The PB ratios of the Comparable Companies ranged from approximately 0.45 times to approximately 3.30 times with an average of approximately 1.84 times and a median of approximately 1.87 times. The PB ratio of the Company implied by the Offer Price of approximately 3.18 times is within the range and higher than the average and the median of the PB ratios of the Comparable Companies.

D. Conclusion

Having considered the factors set out in the above paragraphs that:

(i) the Offer Price represents (a) a premium of approximately 0.2% over the closing price of HK$0.640 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and (b) a premium of approximately 217.3% over the unaudited consolidated net asset value of the Group of approximately HK$0.202 per Share as at 30 September 2018, calculated based on the Group's unaudited consolidated net assets of approximately HK$154,997,000 as at 30 September 2018 and 767,750,000 Shares in issue as at the Latest Practicable Date;

(ii) save for the particularly high average daily trading volume of the Shares in December 2017, March 2018 and May 2018 and during the period from 25 October 2018 (being the first trading day after the publication of the Joint Announcement) to 31 October 2018, the trading volume of Shares was low during the Review Period, and it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price;

(iii) there are likely uncertainties in the future performance of the Group as discussed in the paragraph headed "C. Business prospects of the Group" under the section headed "1. Business, financial performance and prospects of the Group";

(iv) the PE ratio of the Company implied by the Offer Price of approximately 56.48 times is within the range and higher than the average and median of the PE ratios of the Comparable Companies; and

(v) the PB ratio of the Company implied by the Offer Price of approximately 3.18 times is within the range and higher than the average and median of the PB ratios of the Comparable Companies,

we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

3. Information on the Offeror and the intention of the Offeror in relation to the Group

A. Information on the Offeror

As stated in the "Letter from Emperor Capital" contained in the Composite Document, the Offeror is a company incorporated in British Virgin Islands, the shares of which are owned as to 40% by China Medival, 30% by World Communication and 30% by Xianghua International. China Medival, World Communication and Xianghua International are wholly owned by Mr. Zhang, Mr. Cao and Mr. Li respectively. Therefore, Mr. Zhang, Mr. Cao and Mr. Li are the ultimate beneficial owners of the Offeror and their biographical details are set out in the paragraph headed "C. Proposed Change of the Board Composition of the Company" below. As at the Latest Practicable Date, Mr. Zhang is the sole director of the Offeror. The Offeror, China Medival, World Communication and Xianghua International are investment holding companies.

Despite not having relevant experience in the business of the Group, Mr. Zhang, Mr. Cao and Mr. Li consider that investing in the Company could diversify and widen the investment portfolio of the Offeror.

Prior to Completion, each of the Offeror and its ultimate beneficial owners was Independent Third Party.

B. Future Intention of the Offeror and the Board Regarding the Group

As stated in the "Letter from Emperor Capital" contained in the Composite Document, upon Completion, the Offeror became a controlling Shareholder. The Offeror intends to continue the principal business of the Group. The Offeror has no intention to discontinue the employment of any employees of the Group (save for changes in the composition of the Board) and dispose of or re-deploy the fixed assets of the Group other than in the ordinary course of business.

The Offeror will, following the close of the Offer, conduct a review of the operations of the Group in order to formulate a long-term strategy for the Group and explore other business or investment opportunities for enhancing its future development and strengthening its revenue base. Subject to the results of the review, the Offeror may explore other business opportunities for the Company and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company. As at the Latest Practicable Date, the Offeror had not identified any such investment or business opportunities.

As stated in the "Letter from Emperor Capital" and the "Letter from the Board" contained in the Composite Documents, as at the Latest Practicable Date, each of the Offeror and the Board has no intention to enter nor has entered into any agreement, arrangement or understanding to (a) acquire and/or develop any new business; and (b) dispose of or downsize the existing businesses and/or any material operating assets of the Company.

Having considered the facts that (i) the Offeror had not laid down any detailed business plan of the Group as at the Latest Practicable Date; and (ii) the prospect for the construction industry in Hong Kong, in which the Group is engaged, will remain challenging (please refer to our analysis as disclosed in the paragraph headed "C. Business prospects of the Group" under the section headed "1. Business, financial performance and prospects of the Group" above for further details), we are of the opinion that there remains uncertain in the future performance of the Group.

C. Proposed Change of the Board Composition of the Company

As stated in the "Letter from Emperor Capital" contained in the Composite Document, the Board is currently made up of six Directors, comprising three executive Directors, being Mr. Tang, Mr. Kwok and Ms. Choi; and three independent non-executive Directors, being Mr. Cheung Wai Lun Jacky, Mr. Lee Chi Ming and Mr. Tang Chi Wai.

It is intended that, save for Mr. Cheung Wai Lun Jacky, Mr. Lee Chi Ming and Mr. Tang Chi Wai, who are existing independent non-executive Directors and do not involve in the day-to-day operation of the Group, other Directors will resign with effect from the earliest time permitted under the Takeovers Code. We were advised by the Management that Mr. Tang, Mr. Kwok and Ms. Choi will remain as the directors of the operating subsidiaries of the Group and will continue to oversee the operation of the respective subsidiaries of the Group. As at the Latest Practicable Date, each of Mr. Tang, Mr. Kwok and Ms. Choi had no intention to resign his position as the director of the operating subsidiaries of the Group. Therefore, we of the view that the day-to-day operation of the Group will not be materially impacted by the change in composition of the Board.

The Offeror intends to nominate new Directors to the Board with effect from no earlier than the date of despatch of the Composite Document.

The Offeror currently intends to nominate four proposed new members to the Board, namely Mr. Zhang, Mr. Li, and Mr. Cao Jun as executive Directors, and Mr. Cao as the non-executive Director. Such appointment will only take effect after the date of despatch of the Composite Document in accordance with the requirements of the Takeovers Code and further announcement(s) will be made upon any changes to the composition of the Board in accordance with the requirements of the Listing Rules and the Takeovers Code as and when appropriate.

Set out below are the biographic details of the nominees for appointment as Directors.

Executive Directors

Mr. Zhang, who beneficially owns 40% of the Offeror and is the sole director of China Medival, aged 39, has been appointed as the director of China Century Group Limited (中國世紀集團有限公司) since 15 October 2018, a private company incorporated in Hong Kong principally engaged in securities investment, and executive director of Century Investment Holding Group (Shenzhen) Limited* (世紀投資控股集團(深圳)有限公司) since 27 October 2015, a private company established in the PRC which is principally engaged in the business of investment and corporate management consulting. On 12 March 2015, Mr. Zhang was appointed as a non-executive director of King Force Group Holdings Limited (stock code: 8315) and was then re-designated as an executive director on 21 April 2015 until his resignation on 27 November 2015. Mr. Zhang graduated from Beijing Institute of Business (北京工商學院) with a bachelor degree in business administration in July 2006.

Mr. Li, who beneficially owns 30% of the Offeror and is the sole director of Xianghua International, aged 44, has been appointed as the chairman of the board of Chengdu Iris Tourism Group Limited* (成都艾瑞絲旅遊集團有限公司) since 1 December 2017, a company principally engaged in the business of tourism development, hotel management and food and beverages, and the director of International Daily News Inc* (美國國際日報報業集團) since May 2017, a company principally engaged in the sales of newspapers through vendors and vending machines.

Mr. Cao Jun, aged 52, is currently the co-chair of the Chinese Overseas Artists Association and the co-chairman of the advisory board of the Nassau Museum of Art. Mr. Cao Jun has been appointed as a distinguished professor at the Research Institute of Traditional Chinese Painting of the School of Continuing Education of Renmin University of China (中國人民大學) since June 2017. Mr. Cao Jun graduated from The Shandong Institute of Mining and Technology* (山東礦業學院) with a bachelor's degree in mining engineering in July 1989.

Non-executive Directors

Mr. Cao, who beneficially owns 30% of the Offeror and is the sole director of World Communication, aged 29, has been appointed as the chairman of Shenzhen City Tianyi Qiyuan Cultural Communication Limited* (深圳市天一起源文化傳播有限公司) since 20 February 2016, a company principally engaged in the business of advertisement, corporate management consulting and events management. Mr. Cao obtained a diploma in administrative management from Central South University (中南大學) in January 2013 by way of distant learning.

Given that (i) all the executive Directors, being Mr. Tang, Mr. Kwok and Ms. Choi, will resign from the Company; (ii) the proposed new Executive Directors, being Mr. Zhang, Mr. Li and Mr. Cao Jun, do not have direct and relevant experience in the existing business of the Group (i.e. site formation works); and (iii) the Offeror had not laid down any detailed business plan of the Group as at the Latest Practicable Date, we consider that there are uncertainties in the future business development of the Group.

* *For identification purposes only*

D. Maintaining the Listing Status of the Company

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public, or if the Stock Exchange believes that:

(a) a false market exists or may exist in the trading of the Shares; or

(b) there are insufficient Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares. In order to ensure that within a reasonable period after the close of the Offer, there will be not less than 25% of the Company's total number of issued Shares held by the public, the sole director of the Offeror and the new Directors to be appointed to the Board by the Offeror have jointly and severally undertaken to the Stock Exchange to take appropriate steps within a reasonable period following the close of the Offer to ensure that at least 25% of the total number of issued Shares will be held by the public.

OPINION AND RECOMMENDATION

Taking into consideration the above-mentioned principal factors and reasons, in particular the following:

(i) the Group's financial performance remains uncertain as discussed in the paragraph headed "B. Financial information of the Group" under the section headed "1. Business, financial performance and prospects of the Group";

(ii) save for the particularly high average daily trading volume of the Shares in December 2017, March 2018 and May 2018 and during the period from 25 October 2018 (being the first trading day after the publication of the Joint Announcement) to 31 October 2018, the trading volume of Shares was low during the Review Period, and it is uncertain as to whether there would be sufficient liquidity in the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price;

(iii) there are likely uncertainties in the future performance of the Group as discussed in the paragraph headed "C. Business prospects of the Group" under the section headed "1. Business, financial performance and prospects of the Group";

(iv) the PE ratio of the Company implied by the Offer Price of approximately 56.48 times is within the range and higher than the average and median of PE ratios of the Comparable Companies; and

(v) the PB ratio of the Company implied by the Offer Price of approximately 3.18 times is within the range and higher than the average and median of PB ratios of the Comparable Companies,

we consider that the terms of the Offer is fair and reasonable so far as the Independent Shareholders are concerned. On such basis, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer. In view of the volatility of market conditions, those Independent Shareholders who intend to accept the Offer are strongly reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period and should consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer after having regard to the market price and the liquidity of the Shares.

For those Independent Shareholders who are attracted by and confident in the future prospects of the Group, given the background and future intention of the Offeror as detailed in the "Letter from Emperor Capital" contained in the Composite Document and notwithstanding that no detailed business plan has been laid down by the Offeror, they may consider to retain their Shares in full or in part. We would like to remind the Independent Shareholders that if they consider retaining their Shares or tendering less than all their Shares under the Offer, they should carefully consider the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer in view of the historical low liquidity of the Shares and there is no guarantee that the prevailing level of the Share price will sustain during and after the Offer Period. The Independent Shareholders are strongly advised that the decision to realise or to continue to hold their investments in the Shares is subject to individual circumstances and investment objectives.

The Independent Shareholders are also reminded to read carefully the procedures for accepting the Offer, details of which are set out in Appendix I to the Composite Document and the accompanying Form of Acceptance, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
Astrum Capital Management Limited
Hidulf Kwan **Rebecca Mak**
Managing Director *Director*

Note: Mr. Hidulf Kwan has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2006 and has participated in and completed various independent financial advisory transactions.

Ms. Rebecca Mak has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2011 and has participated in and completed various independent financial advisory transactions.

PROCEDURES FOR ACCEPTANCE OF THE OFFER

(a) To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which form part of the terms of the Offer.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must lodge the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Offer, marked "CHerish Holdings Limited — Offer" on the envelope, to the Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

(c) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of Shares (whether in full or in part), you must either:

(i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and lodge the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/

registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/ registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.

(d) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and lodge to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(e) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and lodge it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/ or Emperor Capital or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms of the Offer, as if it was/ they were delivered to the Registrar with the Form of Acceptance.

(f) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code) and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if that/those Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or its/his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or

(iii) certified by the Registrar or the Stock Exchange.

(g) If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.

(h) No acknowledgement of receipt of any Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

SETTLEMENT OF THE OFFER

Provided that a valid Form of Acceptance and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar before the close of the Offer, a cheque for the amount due to each of the Independent Shareholders who accepts the Offer less the seller's ad valorem stamp duty in respect of the Shares tendered by it/him/her or it/his/her agent(s) under the Offer will be despatched to such Independent Shareholder by ordinary post at its/his/her own risk as soon as possible but in any event within seven Business Days following the date of receipt of all the relevant documents by the Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of the seller's ad valorem stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

No fractions of a cent will be payable and the amount of cash consideration payable to an Independent Shareholder who accepts the Offer will be rounded up to the nearest cent.

ACCEPTANCE PERIOD AND REVISIONS

(a) In order to be valid for the Offer, the Form of Acceptance must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code. The Offer is unconditional.

(b) If the Offer is extended, the announcement of such extension will state the next closing date or the announcement will contain a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given to the Independent Shareholders before the Offer is closed and an announcement must be published. If, in the course of the Offer, the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document(s) are posted and shall not close earlier than the Closing Date.

(c) If the Closing Date is extended, any references in this Composite Document and the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

ANNOUNCEMENTS

By 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the requirements of the Takeovers Code by 7:00 p.m. on the Closing Date stating the results of the Offer and whether the Offer has been revised, extended or has expired.

The announcement will state the total number of Shares and rights over Shares:

a. for which acceptances of the Offer have been received;

b. held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and

c. acquired or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period.

The announcement will also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or parties acting in concert with it has borrowed or lent, save for any borrowed securities which have been either on-lent or sold.

The announcement will also specify the percentages of the issued share capital of the Company, and the percentages of voting rights, represented by these numbers.

In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfill the acceptance conditions set out in this Appendix I, and which have been received by the Registrar no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

As required under the Takeovers Code, all announcements in relation to the Offer will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those Independent Shareholders who hold Shares as nominees on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owners separately. In order for beneficial owners of the Shares, whose investments are registered in the names of nominees, to accept the Offer, it is essential that they provide instructions of their intentions with regard to the Offer to their nominees.

RIGHT OF WITHDRAWAL

Acceptances of the Offer tendered by the Independent Shareholders or by their agent(s) on their behalf, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph.

Furthermore, in the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the paragraph headed "Announcements" above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

In such case, when the Independent Shareholder(s) withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any indemnity or indemnities provided in respect thereof) lodged with the Form of Acceptance to the relevant Independent Shareholder(s) at their own risks.

Save as aforesaid, acceptances of the Offer shall be irrevocable and not capable of being withdrawn.

STAMP DUTY

Seller's Hong Kong ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Independent Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher. The amount of such duty will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Offer. The Offeror will arrange for payment of the seller's Hong Kong ad valorem stamp duty on behalf of the relevant Independent Shareholder accepting the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Offer and transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

OVERSEAS SHAREHOLDERS

This Composite Document will not be filed under the applicable securities or equivalent legislation or rules of any jurisdiction other than Hong Kong.

The Offer is in respect of a company incorporated in the Cayman Islands and listed in Hong Kong and is therefore subject to the procedure and disclosure requirements of laws, regulations and rules in Hong Kong which may be different to those in other jurisdictions.

Independent Shareholders who are also Overseas Shareholders who wish to participate in the Offer are subject to, and may be limited by, the laws and regulations of their respective jurisdictions in connection with their participation in the Offer. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant overseas jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities or legal and regulatory requirements and the payment of any transfer or other taxes due by such Overseas Shareholder in respect of such overseas jurisdictions).

Each Overseas Shareholder who wishes to accept the Offer is also fully responsible for other taxes and duties by whomsoever payable in respect of all relevant jurisdictions. The Offeror and parties acting in concert with it, the Company, Emperor Capital, Emperor Securities, Astrum, the Registrar, their respective ultimate beneficial owners, directors, officers, agents and associates and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such Overseas Shareholder for any taxes, imposts, duties or requisite payment as such Overseas Shareholder may be required to pay.

Acceptances of the Offer by any such person will be deemed to constitute a representation and a warranty by such person to the Offeror that all applicable local laws and requirements have been complied with and such person is permitted under all applicable laws and requirements to accept the Offer and any revision thereof, and such acceptances shall be valid and binding in accordance with all applicable laws and requirements.

TAX ADVICE

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Emperor Capital, Emperor Securities, Astrum, the Registrar and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

GENERAL

(a) All communications, notices, the Form of Acceptance, Share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk. Such communications, notices, documents and remittances will be sent to the Independent Shareholders at their addresses as appeared in the register of members of the Company. None of the Offeror and parties acting in concert with it, the Company, Emperor Capital, Emperor Securities, Astrum, the Registrar or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form of Acceptance form part of the terms of the Offer.

(c) Accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror and/or Emperor Capital (or such person or persons as the Offeror and/or Emperor Capital may direct) to complete and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror (or such person or persons as it may direct) the Shares in respect of which such person has accepted the Offer.

(f) Acceptance of the Offer by the Independent Shareholder will be deemed to constitute a representation and a warranty by such person(s) to the Offeror that such Shares acquired under the Offer are sold or tendered by the Independent Shareholder free from all Encumbrances or similar third party rights or claims of any kind and together with all rights accruing or attaching thereto on the date on which the Offer is made or subsequently becoming attached to them, including the right to receive in full all dividends and other distributions, if any, recommended, declared, made or paid by reference to a record date on or after the date on which the Offer is made, ie, the date of despatch of this Composite Document.

(g) References to the Offer in this Composite Document and in the Form of Acceptance shall include any extension and/or revision thereof.

(h) Any Independent Shareholders accepting the Offer will be responsible for payment of any other transfer or cancellation or other taxes or duties payable by them in any relevant jurisdiction.

(i) Save for the payment of seller's ad valorem stamp duty, settlement of the consideration to which any Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder.

(j) Acceptance of the Offer by any nominee will be deemed to constitute a representation and a warranty by such nominee to the Offeror that the number of the Shares it has indicated in the Form of Acceptance is the aggregate number of the Shares for which such nominee has received authorisations from the beneficial owners to accept the Offer on their behalf.

(k) The English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese text for the purpose of interpretation.

(l) In making their decision, Independent Shareholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, Emperor Capital, Emperor Securities, Astrum, the Registrar or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.

(m) This Composite Document has been prepared for the purposes of compliance with the legislative and regulatory requirements applicable in respect of the Offer in Hong Kong and the operating rules of the Stock Exchange.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the financial information of the Group for each of the two financial years ended 31 March 2017 and 31 March 2018, as extracted from the audited consolidated financial statements of the Group set forth in the published annual reports of the Company for the relevant years.

	Year ended 31 March	
	2018	**2017**
	HK$'000	*HK$'000*
Revenue	192,341	266,167
Profit before taxation	10,931	27,145
Income tax expense	(2,217)	(7,399)
Profit and total comprehensive income for the year attributable to owners of the Company	8,714	19,746
Basic and diluted earnings per share (HK cents)	1.1	2.9
Dividends	—	—
Non-current assets	58,793	31,135
Current Assets	149,334	168,266
Current liabilities	34,220	35,330
Net current assets	115,114	132,936
Non-current liabilities	9,175	8,053
Total assets less current liabilities	173,907	164,071
Net Assets	164,732	156,018
Capital and reserves		
Share capital	7,678	7,678
Reserves	157,054	148,340
Total equity	164,732	156,018

Notes:

(1) The Group's financial statements as at and for each of the two years ended 31 March 2017 and 2018 have been audited by the Company's independent auditor, SHINEWING (HK) CPA Limited with unqualified and unmodified opinions issued.

There was no other exceptional item because of size, nature or incidence in the audited consolidated financial statements of the Group for each of the two financial years ended 31 March 2017 and 2018.

(2) Since the Company was listed on the Main Board of the Stock Exchange on 17 October 2016, the annual report for the year ended 31 March 2016 was not published and therefore the above table only shows the summary of the audited consolidated results of the Group for the two financial years ended 31 March 2017 and 2018 as stated in the Company's 2017 and 2018 annual report.

2. AUDITED RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

The following is the full text of the audited consolidated financial statements of the Group for the financial year ended 31 March 2018 extracted from the annual report of the Company for the financial year ended 31 March 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

		2018	2017
	Notes	*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

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	2017
	HK$'000	*HK$'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)

	2018	2017
	HK$'000	*HK$'000*
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

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.

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.

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.

— 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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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	**2017**
	HK$'000	*HK$'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.

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	1–2 years	2–5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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	1–2 years	2–5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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

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

10. INCOME TAX EXPENSE

	2018	**2017**
	HK$'000	*HK$'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.

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	**2017**
	HK$'000	*HK$'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	**2017**
	HK$'000	*HK$'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	Mr. Tang	Mr. Kwok	Ms. Wong Chi Yan	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (note i)	*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	Mr. Lee Chi Ming	Mr. Tang Chi Wai	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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

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	**2017**
	HK$'000	*HK$'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	**2017**
	HK$'000	*HK$'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	**2017**
	'000	*'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	Furniture and fixtures	Motor vehicles	Leasehold improvements	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*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	2017
	HK$'000	*HK$'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	2017
	HK$'000	*HK$'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	2017
	HK$'000	*HK$'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	2017
	HK$'000	*HK$'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

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	**2017**
	HK$'000	*HK$'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	**2017**
	HK$'000	*HK$'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

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	**2017**
	HK$'000	*HK$'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	**2017**
	HK$'000	*HK$'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.

	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	**2017**
	HK$'000	*HK$'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**	**2017**
		HK$'000	*HK$'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	**2017**
	HK$'000	*HK$'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.

(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	Financing cash flows	Non-cash item — acquisition of plant and equipment	31 March 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented 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 receivables	23,747	(604)	23,143	(23,143)	—

	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 *HK$'000*	2017 *HK$'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

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 SUBSIDIARIES 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		Principal activity
				2018	2017	
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. MAJOR 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).

3. STATEMENT OF INDEBTEDNESS OF THE GROUP

As at the close of business on 30 September 2018, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Composite Document, the Group had no outstanding indebtedness.

Contingent liabilities

As at 30 September 2018, our Group has given a guarantee on a performance bond relating to a construction contract of HK$15,259,000 in the ordinary course of business. The performance bond is expected to be released in accordance with the terms of the respective construction contracts. Save for the guarantee given on the performance bond, we had no material contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities, at the close of business on 30 September 2018, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, and term loans (secured, unsecured, guaranteed or not), bank overdrafts, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills), acceptance credits, finance lease commitments, debentures, mortgages, charges, guarantees or other material contingent liabilities. The Directors confirm that the Group does not have any external financing plans as at the Latest Practicable Date.

4. MATERIAL CHANGE

The Directors confirm that, save and except for the followings, there has been no material change in the financial or trading position or outlook of the Group for the period commencing from 31 March 2018 (the date to which the latest audited financial statements of the Group were made up) up to and including the Latest Practicable Date.

As disclosed in the interim results announcement of the Company for the six months ended 30 September 2018 ("**1H2018**"),

1. the Group recorded total revenue of approximately HK$76.9 million in 1H2018, representing a decrease of approximately 15.7% as compared to approximately HK$91.1 million in 1H2017. Such decrease was mainly attributable to the keen competition in the industry leading to lesser number of sizable projects commenced;

2. the Group recorded gross loss of approximately HK$3.3 million in 1H2018 as compared to gross profit of approximately HK$15.1 million for the six months ended 30 September 2017 ("**1H2017**"). The change from gross profit to gross loss was mainly attributable to (a) additional direct costs incurred in a roadworks, drainage and duct works project in Islands District arising from additional work procedures, workers, machines and time being required to deal with the order instructed by the main contractor; and (ii) increase in labour cost, subcontracting fees and overhead costs in a site formation project in Shatin District due to delay in work progress as a result of changing working schedules as requested by the main contractor;

3. the Group recorded loss attributable to owners of the Company of approximately HK$6.7 million as compared to profit of approximately HK$7.9 million in 1H2017. Such change was mainly attributable to decrease in revenue and increase in cost of sales as mentioned above; and

4. the Group recorded a substantial decrease in its cash and bank balance from approximately HK$31.1 million as at 31 March 2018 to approximately HK$2.1 million as at 30 September 2018. Such decrease was mainly attributable to (i) the placement of approximately HK$7.6 million as restricted bank balances for the site formation works of Tseung Kwan O — Lam Tin Tunnel pursuant to the contract with the main contractor; (ii) repayment of finance lease; and (iii) purchase of machinery and equipment.

The following is the full text of the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2018 extracted from the interim report of the Company.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

		Six months ended 30 September	
		2018	**2017**
	Notes	*HK$'000*	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	76,860	91,127
Cost of sales		(80,208)	(76,003)
Gross (loss)/profit		(3,348)	15,124
Other income	*5*	305	691
Administrative expenses		(5,681)	(5,990)
Finance costs	*6*	(661)	(176)
(Loss)/profit before taxation		(9,385)	9,649
Income tax credit/(expense)	*7*	1,344	(1,751)
(Loss)/profit and total comprehensive income for the period	*8*	(8,041)	7,898
(Loss)/earnings per share (HK cents)			
— Basic and diluted	*9*	(1.05)	1.03

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2018

	Notes	**As at 30 September 2018** *HK$'000* (Unaudited)	**As at 31 March 2018** *HK$'000* (Audited)
Non-current assets			
Plant and equipment	*11*	44,642	51,166
Deferred tax assets		1,300	—
Restricted bank balances		15,259	7,627
		61,201	58,793
Current assets			
Amounts due from customers for contract work		—	75,974
Contract assets	*12*	98,254	—
Trade and other receivables	*13*	9,645	37,937
Tax recoverable		5,778	4,334
Bank balances and cash		2,055	31,089
		115,732	149,334
Current liabilities			
Trade and other payables	*14*	16,905	29,859
Obligations under finance leases — due within one year	*15*	—	4,361
		16,905	34,220
Net current assets		98,827	115,114
Total assets less current liabilities		160,028	173,907
Non-current liabilities			
Obligations under finance leases — due after one year	*15*	—	3,766
Deferred tax liabilities		5,031	5,409
		5,031	9,175
Net assets		154,997	164,732
Capital and reserves			
Share capital	*16*	7,678	7,678
Reserves		147,319	157,054
Total equity		154,997	164,732

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2018

	Share capital	Share premium	Merger reserve	Retained profits	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
			(note)		
At 1 April 2017 (audited)	7,678	102,392	—	45,948	156,018
Profit and total comprehensive income for the period	—	—	—	7,898	7,898
At 30 September 2017 (unaudited)	7,678	102,392	—	53,846	163,916
At 31 March 2018 (audited)	7,678	102,392	—	54,662	164,732
Effect arising from initial application of HKFRS 15	—	—	—	(1,694)	(1,694)
At 1 April 2018	7,678	102,392	—	52,968	163,038
Loss and total comprehensive expense for the period	—	—	—	(8,041)	(8,041)
At 30 September 2018 (unaudited)	7,678	102,392	—	44,927	154,997

Note: Merger reserve represent 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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2018

	Six months ended 30 September	
	2018	**2017**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Cash (used in)/generated from operations	(15,235)	29,176
Tax paid	(1,444)	(1,313)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(16,679)	27,863
INVESTING ACTIVITIES		
Purchase of plant and equipment	(3,720)	(30,021)
Proceeds from disposals of plant and equipment	120	2,500
Interest received	33	95
NET CASH USED IN OPERATING ACTIVITIES	(3,567)	(27,426)
FINANCING ACTIVITIES		
Repayment of obligations under finance leases	(8,127)	(3,558)
Interest paid	(661)	(176)
Repayment of unsecured bank borrowing	(9,000)	—
Bank borrowing raised	9,000	—
NET CASH USED IN FINANCING ACTIVITIES	(8,788)	(3,734)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(29,034)	(3,297)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	31,089	98,165
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash	2,055	94,868

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL

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, a company incorporated in the British Virgin Islands (the "BVI") which is ultimately owned by Ms. Choi Chun Chi, Sandy ("Ms. Choi"), Mr. Tang Man On and Mr. Kwok Hoi Chiu.

The address of the registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1–1111, Cayman Islands, and the address of the principal place of business of the Company is located at Office D, 16/F., Kings Wing Plaza 1, No. 3 On Kwan Street, Shek Mun, N.T., Hong Kong.

The Company is an investment holding company, while C & H Engineering Company Limited ("C&H"), being the principal subsidiary of the Company, is principally engaged in provision of site formation works.

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

2. BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 September 2018 has been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated interim financial information for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2018.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group's condensed consolidated interim financial information:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

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

3.1 Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 *Revenue from Contract with Customers* (''HKFRS 15'') for the first time in the current interim period. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group recognises revenue from construction and site formation services.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 April 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 11 *Construction Contracts* and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when ''control'' of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 *Financial Instruments* ("HKFRS 9"). In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method for construction contract, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

3.1.2 Summary of effects arising from initial application of HKFRS 15

The revenue from construction contracts is recognised over time under output method as the Group's performance creates and enhances an asset that the customer controls as the Group performs. The progress towards complete satisfaction of a performance obligation of construction contracts is measured with reference to the certificates issued by the internal or external surveyors on the performance or work completed to date. Costs qualify as costs to fulfil a contract as mentioned above will be recognised as contract costs to be amortised on a systematic basis with the transfer to the customer of the services to which assets relates, while contract costs that related to fulfill performance obligations are expensed as incurred.

The following table summarises the impact of transition to HKFRS 15 on retained profits at 1 April 2018.

	Note	**Impact of adopting HKFRS 15 at 1 April 2018** *HK$'000*
Retained profits		
Adjustments of amounts due from customers for contract work	*(a)*	(2,029)
Tax effect	*(a)*	335
Impact at 1 April 2018		(1,694)

The following adjustments were made to the amounts recognised in the interim condensed consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Note	Carrying amounts previously reported at 31 March 2018	Adjustments	Carrying amounts under HKFRS 15 at 1 April 2018
		HK$'000	*HK$'000*	*HK$'000*
Non-current assets				
Deferred tax assets	*(a)*	—	335	335
Current assets				
Amounts due from customers for contract work	*(a) & (c)*	75,974	(75,974)	—
Trade and other receivables	*(b)*	37,937	(21,774)	16,163
Contract assets	*(b) & (c)*	—	95,719	95,719
Capital and reserves				
Retained profits	*(a)*	54,662	(1,694)	52,968

Notes:

(a) In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply output method in estimating the progress toward complete satisfaction of performance obligations under HKFRS 15. Under HKAS 11, construction costs were charged to profit or loss by reference to the stage of completion of the contract, which is measured by reference to the estimated total revenue for contracts entered into by the Group that have been performed to date. Under HKFRS 15, costs that relate to satisfying performance obligations are expensed as incurred. Costs to fulfil a contract is not material. Construction costs of HK$2,029,000 that have been incurred but deferred to be recognised in profit or loss under HKAS 11 included in amounts due from/(to) customers for contract work were charged to retained profits on transition to HKFRS 15. The related tax effect of HK$335,000 were recognised in deferred tax assets and included in adjustment to retained profits.

(b) At the date of initial application, retention receivables of HK$21,774,000, arising from the construction contracts are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts, and such balance was reclassified from trade and other receivables to contract assets.

(c) At the date of initial application, unbilled revenue of HK$73,945,000 arising from the construction contracts are conditional on the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers, and such balance was reclassified from amounts due from customers for contract work to contract assets.

The following tables summarise the impacts of applying HKFRS 15 on the Group's interim condensed consolidated statement of financial position as at 30 September 2018 and its interim condensed consolidated statement of profit or loss and other comprehensive income for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the interim condensed consolidated statement of financial position as at 30 September 2018

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Non-current assets			
Deferred tax assets	1,300	(605)	695
Current assets			
Amounts due from customers for contract work	—	75,173	75,173
Trade and other receivables	9,645	26,745	36,390
Contract assets	98,254	(98,254)	—
Capital and reserves			
Retained profits	44,927	3,059	47,986

Impact on the interim condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2018

	As reported	Adjustments	Amounts without application of HKFRS 15
	HK$'000	*HK$'000*	*HK$'000*
Income from construction services	76,860	—	76,860
Staff costs	28,789	(1,041)	27,748
Material and subcontractor costs	34,115	(81)	34,034
Other construction costs	17,304	(513)	16,791

3.2 Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments

In the current period, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between the carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement ("HKAS 39").

3.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contract with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at either amortised cost or fair value.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the 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.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the 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.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that the Group's financial assets and financial liabilities are continue to be measured at amortised cost upon adoption of HKFRS 9 which is the same as measured under HKAS 39.

Impairment of financial assets under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, contract assets, restricted bank balances and bank balances and cash). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade and other receivables and contract assets without significant financing component. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for contract assets and financial assets at amortised cost by adjusting through a loss allowance account.

As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets at amortised costs and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9 and concluded that no material financial impact exists, and therefore no adjustment to the opening retained profits at 1 April 2018 was recognised.

3.2.2 Summary of effects arising from initial application of HKFRS 9

Impairment under ECL model

For trade receivables, the management of the Group makes periodic collective as well as individual assessment on the recoverability of trade receivables based on historical settlement records, past experience and forward-looking information that is available without undue cost or effort. Based on the assessment by the management of the Group, the ECL for trade receivable is not material.

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all contract assets and trade and other receivables. To measure the ECL, contract assets and trade receivables have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for the trade receivables are a reasonable approximation of the loss rates for the contract assets.

Loss allowances for other financial assets at amortised cost mainly comprise of restricted bank balances and bank balances and cash, are measured on 12m ECL basis and there had been no significant increase in credit risk since initial recognition.

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were consistent with those that applied to the annual financial statements for the year ended 31 March 2018

4. REVENUE AND SEGMENT INFORMATION

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

Segment information

The chief operating decision maker, the directors of the Company, regards the Group's business as a single operating segment and reviews financial statements accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

5. OTHER INCOME

	Six months ended 30 September	
	2018	**2017**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Bank interest income	33	95
Gain on disposals of plant and equipment	—	347
Refund of contributions from the Mandatory Provident Fund Scheme	116	194
Others	156	55
	305	691

6. FINANCE COSTS

	Six months ended 30 September	
	2018	**2017**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on:		
— unsecured bank overdrafts and unsecured bank borrowing	55	10
— obligations under finance leases	606	166
	661	176

7. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 September	
	2018	**2017**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Deferred taxation	(1,344)	1,751

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 these jurisdictions.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for Hong Kong Profits Tax has been made as there was no assessable profits generated for both periods.

8. (LOSS)/PROFIT FOR THE PERIOD

(Loss)/profit for the period has been arrived after charging:

	Six months ended 30 September	
	2018	**2017**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Staff costs, including directors' emoluments		
— Salaries, wages, allowances and other benefits	30,099	19,504
— Contributions to retirement benefits scheme	1,404	785
Depreciation of plant and equipment	9,944	7,966
Loss on disposals of plant and equipment	180	—
Minimum lease payments paid under operating lease in respect of office premises	130	192

9. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 September	
	2018	**2017**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings:		
(Loss)/profit for the period attributable to owners of the Company *(HK$'000)*	(8,041)	7,898
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share *(in thousand)*	767,750	767,750
Basic (loss)/earnings per share *(HK cents)*	(1.05)	1.03

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

10. DIVIDENDS

No dividend was paid or proposed by the Company during the respective periods, nor has any dividend of the Company been declared since 30 September 2018 (2017: nil).

11. PLANT AND EQUIPMENT

	Plant and equipment
	HK$'000
Six months ended 30 September 2018	
Net book value	
Opening amount as at 1 April 2018 (Audited)	51,166
Addition	3,720
Disposals	(300)
Depreciation	(9,944)
Closing amount as at 30 September 2018 (Unaudited)	44,642
Six months ended 30 September 2017	
Net book value	
Opening amount as at 1 April 2017 (Audited)	29,958
Addition	35,237
Transferred from deposits paid for purchase of plant and equipment	1,177
Disposals	(2,153)
Depreciation	(7,966)
Closing amount as at 30 September 2017 (Unaudited)	56,253

12. CONTRACT ASSETS

	As at 30 September 2018	**As at 31 March 2018**
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Unbilled revenue	71,509	N/A
Retention receivables	26,745	N/A
	98,254	N/A

13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2018	**As at 31 March 2018**
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	8,765	15,435
Retention receivables	N/A	21,774
Prepayments, deposits and other receivables	880	728
	9,645	37,937

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

	As at 30 September 2018 *HK$'000* (Unaudited)	**As at 31 March 2018** *HK$'000* (Audited)
0 to 30 days	8,765	14,704
31 to 60 days	—	—
61 to 120 days	—	—
Over 1 year	—	731
	8,765	15,435

14. TRADE AND OTHER PAYABLES

	As at 30 September 2018 *HK$'000* (Unaudited)	**As at 31 March 2018** *HK$'000* (Audited)
Trade payables	10,012	16,860
Retention payables	3,638	4,548
Accrued expenses and other payables	3,255	8,451
	16,905	29,859

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

	As at 30 September 2018 *HK$'000* (Unaudited)	**As at 31 March 2018** *HK$'000* (Audited)
0 to 30 days	3,540	8,160
31 to 60 days	1,944	4,699
61 to 90 days	2,217	2,768
91 to 365 days	2,311	1,233
	10,012	16,860

15. OBLIGATIONS UNDER FINANCE LEASES

	As at 30 September 2018 *HK$'000* (Unaudited)	As at 31 March 2018 *HK$'000* (Audited)
Analysed for reporting purposes as:		
Current liabilities	—	4,361
Non-current liabilities	—	3,766
	—	8,127

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 approximately 2 to 5 years for each of reporting period. The obligations under finance leases carried interest at floating rate from 3.8% to 4.5% per annum or at fixed rates from 4.5% to 5.0% per annum during both periods.

The Group's obligations under finance leases are secured by the lessors' charge over the leased assets and the corporate guarantee given by the Company as at 31 March 2018.

16. SHARE CAPITAL

	Number of ordinary shares	Nominal amount *HK$'000*
Ordinary shares of HK$0.01 each authorised:		
As at 31 March 2018 and 30 September 2018	2,000,000,000	20,000
Ordinary shares of HK$0.01 each issued and fully paid:		
As at 31 March 2018 and 30 September 2018	767,750,000	7,678

17. OPERATING LEASE COMMITMENTS

Group as lessee

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 30 September 2018 *HK$'000* (Unaudited)	As at 31 March 2018 *HK$'000* (Audited)
Within one year	240	385
In the second to fifth year inclusive	—	30
	240	415

Operating lease payments represents rental payable by the Group for its office premise and car parks. Leases are negotiated and rentals are fixed for a term of 2 years (2018: 2 years).

18. RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into transactions with related parties as follows:

		Six months ended 30 September	
Related party	**Nature of transaction**	**2018**	**2017**
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Ms. Choi Chun Chi Sandy	Office rental paid	180	120

(b) Compensation of key management personnel

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

	Six months ended 30 September	
	2018	**2017**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term employee benefits	3,115	3,115
Post-employment benefits	36	45
	3,151	3,160

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.

RESPONSIBILITY STATEMENT

The information contained in this Composite Document relating to the Offeror, the terms of the Offer and the intentions of the Offeror in respect of the Group have been supplied by the Offeror. The sole director and the ultimate beneficial owners of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Company, the Vendor, the Guarantors and their respective associates and parties acting in concert with any of them), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than opinions expressed by the Company) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

DISCLOSURE OF INTERESTS IN THE COMPANY

As at the Latest Practicable Date, details of interests in the relevant securities of the Company held or controlled by the Offeror were as follows:

Name	Number of Shares held	% of interest
The Offeror	397,865,000	51.82

Save as disclosed above, as at the Latest Practicable Date, the Offeror did not have any interest in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

DISCLOSURE OF OTHER INTERESTS AND DEALINGS IN SECURITIES OF THE COMPANY

As at the Latest Practicable Date:

(a) save for the acquisition of the Sale Shares and the share charges executed pursuant to the Facility, the Offeror, its director and parties acting in concert with the Offeror had not dealt for value in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period;

(b) save for the Sale Shares held by the Offeror, the Offeror, its director and the parties acting in concert with the Offeror (including Emperor Securities) did not own, hold, control or have direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;

(c) neither the Offeror nor parties acting in concert with it had received any irrevocable commitment to accept or reject the Offer;

(d) save for the Facility, there was no arrangement of any kind referred to in the third paragraph of Note 8 to Rule 22 of the Takeovers Code which existed between the Offeror, or any party acting in concert with it and any other person;

(e) there was no agreement or arrangement to which the Offeror was a party which related to circumstances in which the Offeror might or might not invoke or seek to invoke a condition to the Offer;

(f) there were no Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or parties acting in concert with it had borrowed or lent during the Relevant Period;

(g) save for the Facility granted by Emperor Securities to the Offeror, there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons;

(h) no benefit (other than statutory compensation) was or would be given to any Director as compensation for his loss of office or otherwise in connection with the Offer;

(i) save for the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any party acting in concert with it on one hand and any Directors, recent Directors, Shareholders or recent Shareholders on the other hand, having any connection with or dependence upon the Offer;

(j) no Shares or convertible securities, warrants, options or derivatives of the Company was owned or controlled by a person with whom the Offeror or any party acting in concert with it had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

(k) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with the Offeror and/or parties acting in concert with it, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period;

(l) other than the consideration under the Sale and Purchase Agreement, there is no other consideration, compensation or benefits in whatever form provided by the Offeror or parties acting in concert with it to the Vendor or parties acting in concert with it in respect of the Sale Shares; and

(m) there is no special deal (under Rule 25 of the Takeovers Code) between the Offeror and parties acting in concert with it on one hand and the Vendor and parties acting in concert with it on the other hand.

EXPERT AND CONSENT

The following is the qualification of the expert whose letter or opinion is contained in this Composite Document:

Name	Qualification
Emperor Capital	a licensed corporation permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, the financial adviser to the Offeror in respect of the Offer

Emperor Capital has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter or opinion and/or references to its name in the form and context in which they are respectively included.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) on the website of the SFC (www.sfc.hk); (ii) on the website of the Company (http://www.cherishholdings.com); and (iii) at the principal place of business of the Company on Business Days during normal business hours from 9:00 a.m. to 5:00 p.m. at Office D, 16/F, Kings Wing Plaza 1, No. 3 On Kwan Street, Shek Mun, N.T., Hong Kong from the date of this Composite Document onwards for as long as the Offer remains open for acceptance:

(i) the memorandum and articles of association of the Offeror that were valid as at the Latest Practicable Date;

(ii) the letter from Emperor Capital, the text of which is set out on pages 8 to 17 of this Composite Document;

(iii) the written consent of Emperor Capital referred to in the paragraph headed "Expert and consent" in this Appendix; and

(iv) the loan agreement dated 19 October 2018 entered into between the Offeror as borrower and Emperor Securities as lender for the granting of the Facility of up to HK$380,000,000.

GENERAL

(i) The registered office of the Offeror is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

(ii) The registered office of Emperor Capital is situated at 28/F, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong.

(iii) The names and addresses of the principal members of the Offeror's concert group are as follows:

(a) the registered office of China Medival is at situated OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands;

(b) the registered office of World Communication is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands;

(c) the registered office of Xianghua International is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands;

(d) the correspondence address of Mr. Zhang is at 18B, Building T6, South Side Phase One, Pengrui Shenzhenwan One Central, Zhongxin Road, Nanshan District, Shenzhen, PRC;

(e) the correspondence address of Mr. Cao is at 10A, Linxifang, Zhenyecheng Phase One Garden, Henggang Liuyue, Longgang District, Shenzhen City, PRC; and

(f) the correspondence address of Mr. Li is at Room 2502, Building 4, No. 299 Xiangzhou Qinglu Middle Road, Xiangzhou District, Zhuhai City, China, PRC.

(iv) In the event of inconsistency, the English texts of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese texts.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Offer, the Offeror and the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company of HK$0.01 each as at 31 March 2018 and the Latest Practicable Date were as follows:

Authorised		*HK$*
2,000,000,000	Shares	20,000,000
Issued		
767,750,000	Shares	7,677,500

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

As at the Latest Practicable Date, save for 767,750,000 Shares in issue, the Company does not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

3. DISCLOSURE OF INTERESTS BY DIRECTORS OF THE COMPANY

As at the Latest Practicable Date, none of the Director and their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code.

4. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name	Capacity	Number of Shares held/ interested	Approximate % of the total issued Shares
The Offeror *(Notes 1 and 2)*	Beneficial owner	397,865,000	51.82%
Li Lin	Beneficial owner	83,335,000	10.85%
Sin Yuk Hung	Beneficial owner	83,335,000	10.85%
Wealth China International Limited *(Note 3)*	Beneficial owner	83,335,000	10.85%

Notes:

(1) The shares of the Offeror is owned as to 40% by China Medival, 30% by World Communication and 30% by Xianghua International.

(2) These Shares were charged pursuant to the Facility.

(3) Wealth China International Limited is beneficially owned as to 100% by Sin Yuk Hung and Li Lin as joint shareholders.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company under section 336 of the SFO.

5. DEALINGS IN SECURITIES OF THE COMPANY AND THE OFFEROR

During the Relevant Period,

(a) none of the Company or the Directors had dealt for value in any Shares, warrants, share options, derivatives and securities carrying conversion or subscription rights into Shares; and

(b) neither the Company, any member of the Group nor any of the Director was interested in or owned or controlled any shares, convertible securities, warrants options or derivatives of the Offeror and none of the Company nor the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

6. OTHER DISCLOSURE OF INTERESTS

During the Offer Period and ending on the Latest Practicable Date:

(a) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of member of the Group or by any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of "associate" under the Takeovers Code (excluding exempt principal traders and exempt fund managers), and no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivative issued by the Company;

(b) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code exists between a person who owned or controlled Shares or any convertible securities, warrants, options or derivatives issued by the Company and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of "acting in concert" under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of "associate" under the Takeovers Code, and no such person had owned, controlled or dealt for value in any Shares or any convertible securities, warrants, options or derivative issued by the Company;

(c) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers (other than exempt fund managers) connected with the Company, and no such person had dealt for value in any Shares or any convertible securities, warrants, options or derivative issued by the Company;

(d) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares; and

(e) none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offer.

As at the Latest Practicable Date:

(a) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

(b) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and

(c) no material contracts had been entered into by any of the Offeror in which any Director had a material personal interest.

7. MATERIAL CONTRACTS

No contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) was entered into by the members of the Group within two years immediately preceding the date on which the Offer Period commenced, which are or may be material:

8. GENERAL

(a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The principal place of business of the Company in Hong Kong is at Office D, 16/F, Kings Wing Plaza 1, No. 3 On Kwan Street, Shek Mun, N.T., Hong Kong.

(c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their Chinese text for the purpose of interpretation.

9. MARKET PRICE

The table below shows the closing price of the Shares quoted on the Stock Exchange on (i) the Latest Practicable Date; (ii) 19 October 2018, being the Last Trading Day; and (iii) the last trading day of each of the calendar months during the Relevant Period:

Date	**Closing price per Share** *(HK$)*
30 April 2018	0.55
31 May 2018	0.67
29 June 2018	0.64
31 July 2018	0.64
31 August 2018	0.53
28 September 2018	0.495
19 October 2018 (being the Last Trading Day)	0.57
31 October 2018	0.63
30 November 2018	0.64
Latest Practicable Date	0.64

During the Relevant Period, the highest closing price of the Shares was HK$0.72 per Share as quoted on the Stock Exchange on 15 May 2018 and the lowest closing price of the Shares was HK$0.425 per Share as quoted on the Stock Exchange on 11 October 2018 and 16 October 2018 respectively.

10. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, the Company had entered into the following service agreements and letters of appointment with the Directors:

(a) Mr. Tang Man On (鄧民安) has entered into a director's service agreement with the Company for a term commencing from 17 October 2016 and ending on the date of the annual general meeting of the Company to be held in 2019, subject to rotation and re-election at annual general meetings of the Company in accordance with the Articles. The service agreement can be terminated by either party by giving the other party six months' written notice in advance. The director's remuneration of Mr. Tang is HK$1,440,000 per annum which is determined with reference to his duties and responsibilities within the Company and a discretionary bonus to be determined by the Board with reference to the Company's performance and his contribution to the Company.

(b) Mr. Kwok Hoi Chiu (郭海釗) has entered into a director's service agreement with the Company for a term commencing from 17 October 2016 and ending on the date of the annual general meeting of the Company to be held in 2019, subject to rotation and re-election at annual general meetings of the Company in accordance with the Articles. The service agreement can be terminated by either party by giving the other party six months' written notice in advance. The director's remuneration of Mr. Kwok is HK$1,440,000 per annum which is determined with reference to his duties and responsibilities within the Company and a discretionary bonus to be determined by the Board with reference to the Company's performance and his contribution to the Company.

(c) Ms. Choi Chun Chi Sandy (蔡俊芝) has entered into a director's service agreement with the Company for a term commencing from 17 October 2016 and ending on the date of the annual general meeting of the Company to be held in 2019, subject to rotation and re-election at annual general meetings of the Company in accordance with the Articles. The service agreement can be terminated by either party by giving the other party six months' written notice in advance. The director's remuneration of Ms. Choi is HK$1,440,000 per annum which is determined with reference to her duties and responsibilities within the Company and a discretionary bonus to be determined by the Board with reference to the Company's performance and her contribution to the Company.

(d) Mr. Lee Chi Ming (李智明) has entered into a director's service agreement with the Company for a term of three years commencing from 7 September 2017 and ending on 6 September 2020, subject to rotation and re-election at annual general meetings of the Company in accordance with the Articles. The service agreement can be terminated by either party by giving the other party six months' written notice in advance. The director's remuneration of Mr. Lee is HK$150,000 per annum which is determined with reference to his duties and responsibilities within the Company and a discretionary bonus to be determined by the Board with reference to the Company's performance and his contribution to the Company.

(e) Mr. Cheung Wai Lun Jacky (張偉倫) has entered into a director's service agreement with the Company for a term of three years commencing from 7 September 2017 and ending on 6 September 2020, subject to rotation and re-election at annual general meetings of the Company in accordance with the Articles. The service agreement can be terminated by either party by giving the other party six months' written notice in advance. The director's remuneration of Mr. Cheung is HK$100,000 per annum which is determined with reference to his duties and responsibilities within the Company and a discretionary bonus to be determined by the Board with reference to the Company's performance and his contribution to the Company.

(f) Mr. Tang Chi Wai (鄧智偉) has entered into a director's service agreement with the Company for a term of three years commencing from 7 September 2017 and ending on 6 September 2020, subject to rotation and re-election at annual general meetings of the Company in accordance with the Articles. The service agreement can be terminated by either party by giving the other party six months' written notice in advance. The director's remuneration of Mr. Tang is HK$100,000 per annum which is determined with reference to his duties and responsibilities within the Company and a discretionary bonus to be determined by the Board with reference to the Company's performance and his contribution to the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed-term contracts) had been entered into or amended within six months before the date of commencement of the Offer Period; (ii) was a continuous contract with a notice period of 12 months or more; (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

11. EXPERT AND CONSENT

The following is the qualification of the expert whose letter or opinion is contained in this Composite Document:

Name	**Qualification**
Astrum	a licensed corporation permitted to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee in respect of the Offer.

Astrum has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letters or opinions and/or references to its name in the form and context in which it appears.

12. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation, arbitration or claims which would materially and adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any members of the Group.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) at the principal office of the Company at Office D, 16/F, Kings Wing Plaza 1, No. 3 On Kwan Street, Shek Mun, N.T., Hong Kong; (ii) on the website of the Company (http://www.cherishholdings.com); and (iii) on the website of the SFC (www.sfc.hk), during normal business hours from 9:00 a.m. to 5:00 p.m. (other than Saturdays, Sundays and public holidays) from the date of this Composite Document up to and including the Closing Date:

(a) the memorandum of association and articles of association of the Company;

(b) the annual reports of the Company for the two financial years ended 31 March 2018;

(c) the letter from the Board, the text of which is set out in this Composite Document;

(d) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;

(e) the letter from Astrum, the Independent Financial Adviser, the text of which is set out in this Composite Document;

(f) the service contracts and letters of appointment referred to in the paragraph headed "10. Directors' Service Contracts" in this Appendix; and

(g) the written consent referred to under the paragraph headed "11. Expert and Consent" in this Appendix.