



# Man Shing Global Holdings Limited 萬成環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
(Stock code : 8309)



**2017**  
Interim Report





## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

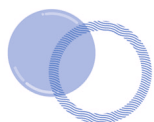
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This report, for which the directors (the “**Directors**”) of Man Shing Global Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.



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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Wong Chong Shing (*Chairman*)  
Mr. Wong Man Sing  
Mr. Wong Chi Ho  
Mr. Chan Shing Yi, Jacky (resigned on 18 Sept. 2017)

#### Independent Non-Executive Directors

Mr. Lee Pak Chung  
Mr. Au Yeung Tin Wah  
Mr. Chiu Ka Wai

### COMPANY SECRETARY

Mr. Chan Shiu Kwong Stephen

### AUDIT COMMITTEE

Mr. Au -Yeung Tin Wah (*Chairman*)  
Mr. Lee Pak Chung  
Mr. Chiu Ka Wai

### REMUNERATION COMMITTEE

Mr. Chiu Ka Wai (*Chairman*)  
Mr. Lee Pak Chung  
Mr. Wong Man Sing

### NOMINATION COMMITTEE

Mr. Wong Chong Shing (*Chairman*)  
Mr. Chiu Ka Wai  
Mr. Lee Pak Chung

### RISK MANAGEMENT COMMITTEE

Mr. Wong Chong Shing (*Chairman*)  
Mr. Lee Pak Chung  
Mr. Au Yeung Tin Wah

### AUTHORISED REPRESENTATIVES

Mr. Wong Chong Shing  
Mr. Wong Man Sing

### REGISTERED OFFICE

PO BOX 309  
Ugland House, Grand Cayman  
KYI-1104, Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 10, 11/F Trans Asia Centre,  
18 Kin Hong Street,  
Kwai Chung, N.T.

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited  
PO Box 1093, Boundary Hall,  
Cricket Square, Grand Cayman  
KYI-1102, Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 22, Hopewell Centre,  
183 Queen's Road East,  
Hong Kong.

### COMPLIANCE ADVISER

Changjiang Corporate Finance (HK) Ltd

### COMPLIANCE OFFICER

Mr. Wong Chong Shing

### AUDITORS

SHINEWING (HK) CPA LIMITED

### PRINCIPAL LAWYER

KEITH LAM LAU & CHAN

### PRINCIPAL BANKERS

Citibank, N.A. Hong Kong Branch  
Shanghai Commercial Bank Limited  
Fubon Bank (Hong Kong) Limited  
Standard Chartered Bank  
O-Bank Co. Ltd

### WEBSITE ADDRESS

[www.manshing.com.hk](http://www.manshing.com.hk)

### STOCK CODE

8309

## Interim Results for the Six Months Ended 30 September 2017

The board of directors (the “Board”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 September 2017, together with the corresponding comparative unaudited figures for the corresponding period in 2016, as follows:

### Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2017

	Notes	Three months ended 30 June		Six months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	4	115,917	90,458	230,156	208,390
Cost of sales		(106,530)	(80,148)	(214,304)	(186,078)
Gross profit		9,387	10,310	15,852	22,312
Other income		242	97	2,249	110
Administrative expenses		(13,895)	(5,805)	(22,891)	(13,021)
Finance costs	5	(774)	(711)	(1,335)	(1,411)
(Loss) profit before tax		(5,040)	3,891	(6,125)	7,990
Income tax expenses	6	(592)	(863)	(697)	(1,920)
(Loss) profit and total comprehensive (expense) income for the period	7	(5,632)	3,028	(6,822)	6,070
(Loss) earnings per share (HK cents)					
Basic and diluted	8	(0.97)	0.82	(1.14)	1.16

## Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2017

	Notes	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
<b>Non-current asset</b>			
Property and equipment	10	14,575	18,011
<b>Current assets</b>			
Trade receivables	11	67,110	55,456
Prepayments, deposits and other receivables		5,733	12,792
Pledged bank deposits		43,620	25,420
Bank balances and cash		22,022	17,059
		<b>138,485</b>	<b>110,727</b>
<b>Current liabilities</b>			
Trade payables	12	8,103	12,007
Accruals and other payables		37,259	43,048
Tax payables		1,035	721
Obligations under finance leases	13	4,235	6,157
Bank borrowings	14	30,654	24,753
		<b>81,286</b>	<b>86,686</b>
<b>Net current assets</b>		<b>57,199</b>	<b>24,041</b>
<b>Total assets less current liabilities</b>		<b>71,774</b>	<b>42,052</b>
<b>Non-current liabilities</b>			
Obligations under finance leases	13	6,877	8,711
Long service payments obligations		4,325	4,384
Deferred tax liabilities		454	880
		<b>11,656</b>	<b>13,975</b>
<b>Net assets</b>		<b>60,118</b>	<b>28,077</b>
<b>Capital and reserves</b>			
Share capital		6,000	380
Reserves		54,118	27,697
		<b>60,118</b>	<b>28,077</b>

## Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2017

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000 (note i)	Retained earnings HK\$'000	Total equity HK\$'000
At 1 April 2017	380	9,220	110	18,367	28,077
Capitalisation issue	4,120	(4,120)	–	–	–
Issue of ordinary shares in connection with the listing of shares of the Company	1,500	46,500	–	–	48,000
Share issue expenses	–	(9,137)	–	–	(9,137)
Total loss and comprehensive expenses for the period	–	–	–	(6,822)	(6,822)
At 30 September 2017 (Unaudited)	6,000	42,463	110	11,545	60,118
At 1 April 2016	*–	–	110	28,585	28,695
Capital injection from the shareholder of the Company	*–	9,600	–	–	9,600
Total profit and comprehensive income for the period	–	–	–	6,070	6,070
At 30 September 2016 (Unaudited)	*–	9,600	110	34,655	44,365

\* Represents amount less than HK\$1,000.

Notes:

(i) Other reserve

Other 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.

## Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2017

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	(19,082)	(6,677)
NET CASH USED IN INVESTING ACTIVITIES	(16,963)	(12,117)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	41,008	(11,858)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,963	(30,652)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,059	38,120
CASH AND CASH EQUIVALENTS AT END OF PERIOD	22,022	7,468



# Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2017

## 1. GENERAL INFORMATION

The Company was incorporated on 18 March 2016 in the Cayman Islands 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 and the shares of the Company are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Directors of the Company consider its ultimate controlling parties during the six months ended 30 September 2017 (the “Reporting Period”) were Mr. Wong Man Sing, Mr. Wong Chong Shing and Mr. Wong Chi Ho (the “Controlling Shareholders”). The addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information section in the Company’s annual report in 2017.

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are the provision of environmental cleaning solutions including street cleaning solutions, building cleaning solutions, bus and ferry cleaning solutions and other cleaning services which include, among others, refuse collection and waste disposal services, sewage management and pest control and fumigation services.

These unaudited condensed consolidated interim financial statements are presented in Hong Kong dollars (“HK\$”) which is same as the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

## 2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as the applicable disclosure requirements set out in Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange.

## 3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the preparation of the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2017 are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2017 except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments (“new and revised HKFRSs”) issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2017.

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

The application of the new and revised 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 unaudited condensed consolidated interim financial statements.

#### 4. REVENUE

Revenue represents the amount received and receivable for rendering of the cleaning and related services. An analysis of the Group's revenue is as follows:

	Three months ended 30 June		Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Street cleaning solutions	86,214	54,582	169,771	134,949
Building cleaning solutions	22,550	23,352	52,250	50,386
Bus and ferry cleaning solutions	2,312	7,879	4,779	15,890
Other cleaning services	4,841	4,645	3,356	7,165
	<b>115,917</b>	90,458	<b>230,156</b>	208,390

#### Segment information

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group currently operates in one operating and reportable segment which is the provision of cleaning services. A single management team reports to the directors of the Group (being the chief operating decision-maker) who allocates resources and assesses performance based on the unaudited condensed consolidated result of the single business engaged in the provision of cleaning services. Accordingly, the Group does not present separately segment information.

#### 5. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Interests on:				
Bank borrowings	578	503	954	1,009
Obligations under finance leases	196	208	381	402
	<b>774</b>	711	<b>1,335</b>	1,411

## 6. INCOME TAX EXPENSES

	Three months ended 30 June		Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current tax:				
Hong Kong Profit Tax	898	899	1,124	2,079
Deferred tax	(306)	(36)	(427)	(159)
	<b>592</b>	863	<b>697</b>	1,920

Notes:

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (b) Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period (2016: 16.5%).

## 7. (LOSS) PROFIT FOR THE PERIOD

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

	Three months ended 30 June		Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Staff costs (including directors' remuneration)				
Wages, salaries and other benefits	92,173	68,373	185,551	155,512
Retirement benefits scheme contributions	3,008	2,883	5,973	5,442
Provision for long service payments	376	600	2,308	1,051
Total staff costs	<b>95,557</b>	71,856	<b>193,832</b>	162,005
Auditors' remuneration	175	2	180	2
Listing expenses	7,509	1,330	7,509	3,479
Depreciation of plant and equipment:				
– owned by the Group	390	249	539	507
– held under finance leases obligation	1,585	1,682	3,786	3,480
Minimum lease payments under operating leases in respect of offices	78	78	158	156
Interest income	(4)	(1)	(12)	(1)
Gain on disposal of plant and equipment	–	–	(2,114)	–

## 8. (LOSS) EARNINGS PER SHARE

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

	Three months ended 30 June		Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
<u>(Loss) earnings</u>				
(Loss) profit attributable to ordinary equity holders of the parent, used in the basic (loss) earnings per share calculation	(5,632)	3,028	(6,822)	6,070

	Number of shares			
	2017 '000	2016 '000	2017 '000	2016 '000
<u>Shares</u>				
Weighted average number of ordinary shares in issue during the period used in the basic and diluted (loss) earnings per share calculation ( <i>note</i> )	580,220	369,000	600,000	522,857

Note:

The weighted average number of ordinary shares in issue used in the basic earnings per share calculation is determined on the assumption that reorganisation and capitalisation issue as described in the prospectus of the Company dated 30 March 2017 had been effective on 1 April 2015.

The dilutive (loss) earnings per share is equal to the basic (loss) earnings per share as there were no dilutive potential ordinary shares outstanding during the six months ended 30 September 2017 and 2016.

## 9. DIVIDENDS

No dividend was proposed by the Group during the six months ended 30 September 2017 and 2016, nor has dividend been proposed since the end of the reporting period.

## 10. PROPERTY AND EQUIPMENT

During the six months ended 30 September 2017, the Group acquired certain plant and equipment of approximately HK\$1,003,000 (six months ended 30 September 2016: HK\$7,269,000).

During the six months ended 30 September 2017, the Group disposed of certain motor vehicles with carrying amount of HK\$114,000 (six months ended 30 September 2016: nil) for cash proceeds of approximately HK\$2,228,000 (six months ended 30 September 2016: nil), resulting in a net gain on disposal of approximately HK\$2,114,000 (six months ended 30 September 2016: nil).

## 11. TRADE RECEIVABLES

	<b>30 September 2017 HK\$'000 (Unaudited)</b>	31 March 2017 HK\$'000 (Audited)
Trade receivables	<b>67,110</b>	55,456

The Group does not hold any collateral over its trade receivables. No impairment of trade receivables had been recognised during the six months ended 30 September 2017 and the year ended 31 March 2017.

The Group allows a credit period of 0 to 60 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date, which approximated the respective revenue recognition dates, at the end of the reporting period.

	<b>30 September 2017 HK\$'000 (Unaudited)</b>	31 March 2017 HK\$'000 (Audited)
0 to 60 days	<b>62,485</b>	51,759
61 to 90 days	<b>2,014</b>	1,182
Over 91 days	<b>2,611</b>	2,515
	<b>67,110</b>	55,456

## 12. TRADE PAYABLES

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Trade payables	8,103	12,007

The following is an aged analysis of trade payables presented based on the invoice date.

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
0 to 60 days	6,114	5,237
61 to 90 days	322	3,849
Over 91 days	1,667	2,921
	8,103	12,007

The average credit period is 60 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

## 13. OBLIGATIONS UNDER FINANCE LEASES

	30 September 2017 HK\$'000 (Unaudited)	31 March 2017 HK\$'000 (Audited)
Analysed for reporting purposes as:		
Current liabilities	4,235	6,157
Non-current liabilities	6,877	8,711
	11,112	14,868

During the six months ended 30 September 2017, the Company entered into finance lease arrangements of motor vehicles. The average lease term is three years (31 March 2017: five years) for the six months ended 30 September 2017. The effective interest rate for the obligations under finance leases for the six months ended 30 September 2017 were under fixed rates and ranged from 1.80% to 3.75% per annum (31 March 2017: 1.80% to 3.75% per annum).

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

## 14. BANK BORROWINGS

During the six months ended 30 September 2017, the Group borrowed HK\$169,822,000 (six months ended 30 September 2016: HK\$107,794,000) from banks and repaid HK\$163,921,000 (six months ended 30 September 2016: HK\$125,090,000).

## 15. RELATED PARTY TRANSACTIONS

The Group also had the following transactions with its related parties during the following period:

### (a) Transactions

Related party	Nature of transaction	Three months ended 30 June		Six months ended 30 September	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Mr. Wong Chong Shing	Rental expenses	78	78	158	156

The above transaction was conducted at terms determined on a basis mutually agreed between the Group and the related party. Mr. Wong Chong Shing is a director and one of the Controlling Shareholders of the Company.

### (b) Compensation of key management personnel

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

	Six months ended 30 September	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Short term benefits	3,109	1,170
Post-employments benefits	27	27
	<b>3,136</b>	<b>1,197</b>



## Management Discussion and Analysis

### BUSINESS REVIEW AND OUTLOOK

With more than 29 years of experience in environmental cleaning service industry in Hong Kong, we have steadily grown our business since our inception and now our wide range of services extend the coverage to all 18 districts throughout Hong Kong. Our comprehensive portfolio of environmental cleaning solutions are mainly divided into (i) street cleaning solutions which comprise street and public area cleaning, refuse collection point cleaning and pest control; ii) building cleaning solutions which comprise general building cleaning, refuse collection and waste disposal, toilet cleaning and janitorial services; iii) bus and ferry cleaning solutions which comprise general depot and pier cleaning, vehicle and vessel cleaning, refuse collection and waste disposal, and toilet cleaning; and iv) other cleaning services such as external wall and window cleaning, confined space cleaning, as well as pest control and fumigation.

The net proceeds raised from the offer shares when the Company was listed on GEM on 13 April 2017 allow for the expansion of the Group through the purchase of additional plant and machinery and further strengthening of our financial condition for future business development.

As the fact that some of our projects on hand are expected to be completed in the third quarter of 2017, the Group is now actively participating in submitting tenders for new projects to ensure sustainable growth of the Group.

At the same time, the Directors are also cautious in monitoring the overall operation costs with respect to the projects on hand because a great portion of our cost relates to labour. Looking into the coming years, it is likely that our industry may be difficult to cope with the increasing labour cost when Hong Kong faces a critical manpower shortage as a result of the ageing population.

On a brighter note, we are particularly well equipped with a fleet of specialised vehicles together with solid financial background and are well experienced to handle sizable labour force, therefore we are well positioned to take advantage of the opportunities arising therefrom.

There is no denying that the rising labour cost presents a serious challenge but we will be able to cope with the challenge.

We do not expect too many surprises in the 2018 year results. The final number will obviously be affected by the number of tenders which will be awarded in the coming 6 months.



## FINANCIAL REVIEW

### Revenue

During the six months ended 30 September 2017, all of our Group's revenue was generated from the provision of environmental cleaning solutions. The total revenue of the Group increased by approximately HK\$21,766,000 or 10.4% from approximately HK\$208,390,000 for the six months ended 30 September 2016 to approximately HK\$230,156,000 for the six months ended 30 September 2017.

Unlike the period between the first quarter of 2017 and 2016 when revenue was brought about by five new projects gradually, triggering the increase of revenue by 28.1% in the first quarter, moving into the second quarter, the revenue accumulated in a more steady pace. The increase was only in a moderate rate of 10.4% after countering the effect by the set-off of some projects which have been completed by way of contract expiration, including the provision of street cleaning services in Tsuen Wan district, and provision of waste collection services in Mong Kok district. This has cut back our revenue by approximately HK\$13,500,000 this quarter.

This means that whereas inevitable periodic fluctuation may affect our periodic performance, it will not fundamentally change our course in the long run.

### Gross profit and gross profit margin

Our Group's gross profit drastically decreased by approximately HK\$6,460,000 or 28.9% from approximately HK\$22,312,000 for the six months ended 30 September 2016 to approximately HK\$15,852,000 for the six months ended 30 September 2017. The gross profit margin decreased from 10.7% for the six months ended 30 September 2016 to 6.9% for the six months ended 30 September 2017, representing a retreat of approximately 3.8%. Compared to the same period a year ago, such decrease was mainly attributable to i) the extraneous long service payment to all workers who have worked for and entitled to such compensation adding up to a sum of approximately HK\$4,325,000 on the completion of a 6-year contract in relation to the provision of street cleansing services in Tsuen Wan district; and ii) the rising labour cost in view of the shortage of skilled labour in the market and the increase of statutory minimum wage from HK\$ 32.5 per hour to HK\$34.5 per hour.

### Other income

Other income of our Group increased by approximately HK\$2,139,000 from approximately HK\$110,000 for the six months ended 30 September 2016 to approximately HK\$2,249,000 for the six months ended 30 September 2017. The increase was mainly attributable to the gains derived from the sales of specialised vehicles which were not in use. Also, for this period, there were no other non-recurring items when compare to the six months ended 30 September 2016.

### Administrative expenses

Administrative expenses of our Group increased by approximately HK\$9,870,000 from approximately HK\$13,021,000 for the six month ended 30 September 2016 to approximately HK\$22,891,000 for the six months ended 30 September 2017. Administrative expenses consist primarily of staff costs and Directors' remuneration, insurance expenses, depreciation, maintenance, office supplies and transportation expenses, legal and professional fee, listing expenses, and other administrative expenses. The increase was attributable to the non-recurring listing expenses of approximately HK\$7,509,000 as compared to last year, the increase of legal and professional fee of approximately HK\$1,586,000 and the increase in staff costs due to the addition of administrative staff.

### Finance costs

Finance costs for our Group dropped by approximately HK\$76,000 or 5.4% from approximately HK\$1,411,000 for the six months ended 30 September 2016 to approximately HK\$1,335,000 for the six months ended 30 September 2017. The decrease was mainly attributable to lesser interest expenses paid for account receivable loan resulted from our strenuous effort to shorten the debt collection cycle.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Our liquidity is primarily dependent on our ability to maintain an appropriate degree of liquidity and ample financial resources to meet foreseeable funding needs. Multiple channels of debt finance have been established to seize new investment opportunities and to provide a buffer against unforeseeable events.

All related risk management, including debt re-financing, interest rate volatility, are centrally managed and controlled at the corporate level.

We finance our operation principally through cash generated from operating activities as well as bank borrowings and overdrafts. Cash and bank balances are denominated in Hong Kong dollar. The current ratio of our Group for the six months ended 30 September 2017 was 1.70 times as compared to that of 1.28 times for the six months ended 30 September 2016. The current ratio soared to high levels during the Reporting Period mainly due to the fact that the Company has a reasonable amount of short term debt and pledged bank deposit but is expecting substantial settlement from government contract.

The total interest bearing debts of our Group, including bank borrowings and finance lease liabilities, increased from approximately HK\$39,621,000 as at 31 March 2017 to approximately HK\$41,766,000 as at 30 September 2017. All borrowings were denominated in Hong Kong dollar and were repayable within 5 years. Our Group did not carry out any hedging for its floating borrowings.

As at 30 September 2017, our Group had bank loans with an outstanding balance of HK\$29,327,000 and utilized tax loan with an outstanding amount of approximately HK\$1,327,000. As at 30 September 2017, the general banking facilities were secured by the combination of a second legal charge over a property owned by one of the Controlling Shareholders and unlimited personal guarantees for specified amount together with interest, fee and expenses, security agreement over bank account with fixed and floating charge executed by a subsidiary in favor of a bank. The said property owned by one Controlling Shareholder and the personal guarantees given by two Controlling Shareholders were released and replaced by corporate guarantee given by the Company upon listing of the Group.

We enter into finance lease agreements for certain of our vehicles. The average lease terms were three years during the six months ended 30 September 2017. The effective interest rate for the obligations under the finance leases for the six months ended 30 September 2017 were under fixed rates and ranged from 1.8% to 3.75% per annum.

As at 30 September 2017, the finance lease liabilities amounting to approximately HK\$11,112,000 (31 March 2017: approximately HK\$14,868,000) were secured by the lessor's charge over the leased assets and pledged by equity interest of certain subsidiaries. If some lease required personal guarantees given by two of the Controlling Shareholders, such guarantees had been released upon listing of the Group.

The gearing ratio, calculated based on all interest-bearing borrowings for our general business operation divided by total equity at the end of the year, was approximately 0.69 as at 30 September 2017 (31 March 2017: approximately 1.41). The decrease in our gearing ratio was primary due to the change in our bank borrowing arrangements. Specifically, we increased our bank borrowings at the beginning instead of at the end of each month and paid our bank borrowings at the end of each month. As such, the change in our bank borrowing arrangement decreased our bank borrowings at the end of each month, which in turn lowered our gearing ratio. With available bank balances and cash and bank credit facilities, our Group has sufficient liquidity to satisfy its funding requirements.



## **CAPITAL STRUCTURE**

The Shares were successfully listed on GEM board of the Stock Exchange on 13 April 2017. There has been no change in the capital structure of the Group since then. As at 30 September 2017, the Company's issued and fully paid capital and total equity attributable to equity holders of the Company amounted to approximately HK\$6,000,000 and HK\$ 60,118,000 respectively.

## **COMMITMENTS**

As at 30 September 2017, there was no capital commitment for the Group (31 March 2017: Nil).

## **CONTINGENT LIABILITIES**

We have financial guarantee contracts on letters of guarantee issued by banks for due performance under several of our contracts. The said letters of guarantee were entered into between the Group and some banks. Generally, in case that there is a breach of contract regarding our service performance to our customer who can claim from the relevant bank, the bank may further deduct the amount of the said claim from our pledged deposits.

As at 30 September 2017, the amount of pledged deposit to banks for the said purpose and as security for banking facilities was approximately HK\$43,620,000 (31 March 2017: approximately HK\$25,420,000).

During the six months ended 30 September 2017, the Group may from time to time be involved in litigation concerning personal injuries by its employees and third party claimants.

In the opinion of the Directors, no material potential liability arising from legal proceedings should be accounted for in the consolidated interim financial statements as they are adequately covered by insurance protection.

## **SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS**

Save as disclosed in the section headed "COMPARISON OF BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS" in this report, the Group did not have any significant investments, acquisition or disposal of subsidiaries and affiliated companies during the six months ended 30 September 2017.

## **EXPOSURE TO EXCHANGE RATE FLUCTUATION**

The Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of the Group were denominated in Hong Kong dollar. As no monetary assets were denominated in foreign currencies, the Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the Reporting Period, the Directors consider the impact of foreign exchange exposure is minimal.

## **CHARGE OVER OUR GROUP'S ASSETS**

As at 30 September 2017, the Group has general banking facilities amounting to approximately HK\$144,446,000 (31 March 2017 HK\$103,338,000) comprising invoice financing or factoring facility of approximately HK\$76,900,000, revolving bank loan of approximately HK\$10,000,000 and a banking facility with combined limit of approximately HK\$57,546,000 (which consists of bank guarantee for assignment to all government departments).

The invoice discounting or factoring facility, account receivable loan, form of guarantee were secured by corporate guarantee given by the Company and a deed of charge over account receivable and cash in pledged deposit.

## EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2017, our Group had approximately 2,750 employees (31 March 2017: 3,893 employees). The total staff costs incurred, including Directors' emoluments and discretionary bonus, of our Group were approximately HK\$193,832,000 for the six months ended 30 September 2017 (six months ended 30 September 2016: approximately HK\$162,005,000).

Remuneration is determined based on each employee's qualification, position and seniority. In addition to a basic salary, year-end discretionary bonuses were offered with reference to our Group's performance as well as individual's performance to attract and retain appropriate and suitable personnel to serve our Group.

The company also adopted a share option scheme on 20 March 2017 to attract and retain the best available personnel, and to provide additional incentive to eligible persons.

Furthermore, we offer other staff benefit like provision of retirement benefits and various types of trainings. We also adopted an annual review system to assess the performance of our staff, which forms the basis of our decisions with respect to salary increment and promotion.

## INTERIM DIVIDEND

The Board did not recommend a payment of an interim dividend for the six months ended 30 September 2017 (for the six months ended 30 September 2016: nil).

## COMPARISON OF BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives set out in the prospectus of the Company dated 30 March 2017 (the "Prospectus") with the Group's actual business progress for the period from 13 April 2017 (the "Listing Date") to 30 September 2017 is set out below:

<b>Business objectives up to 30 September 2017</b>	<b>Actual business progress up to 30 September 2017</b>
1. Purchase of specialised vehicles	The Group has used approximately HK\$782,000 for purchasing one 16-ton tipper truck but temporarily withheld the purchase of new specialised vehicles for new projects which did not turn out as we planned.
– One suction sweeper	The Group will continue monitoring effectiveness and efficiency of all specialised vehicles in use and consider to purchase the remaining specialised vehicles in pursuance with the revolving cycle to meet the need of existing projects on hand or newly awarded projects in near future.
– Two 16-ton water wagons	
– One 16-ton grab lorry	
– One 30-ton hook-lift truck	

**Business objectives up to  
30 September 2017**

**Actual business progress up to  
30 September 2017**

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2. Sales and marketing activities to promote brand awareness

- Recruitment of one senior marketing officer and one assistant marketing officer
- Printing of company brochures and leaflets, advertising in newspapers and magazines, and bolstering company website

The Group recruited one assistant marketing officer with staff cost of approximately HK\$48,000.

Hitherto we are making headway to bolster company website and expect to see a very informative website with stark improvement of the overall quality of website including corporate mission and business strategies for the coming future through the workmanship of a professional designer firm to design the website.

3. Purchase of automated cleaning machinery and equipment

- Six hot water pressure washers
- 40 pest control machines
- 15 water suction cleaners
- Six power generators
- One marble floor refinishing machine
- One automated floor cleaning machine
- Ten vacuum cleaners
- Two lawn mowers
- Two air blowers

The Group has purchased equipment during the period as follows:

No purchase has yet been made

Purchased 2 units totaling HK\$2,020

Purchased 11 units totaling HK\$32,720

No purchase has yet been made

Purchased 1 unit totaling HK\$16,900

Purchased 4 units totaling HK\$58,250

Purchased 43 units totaling HK\$21,850

No purchase has yet been made

No purchase has yet been made

## PRINCIPAL RISK AND UNCERTAINTIES

Our business, financial condition, results of operation and future prospect may be materially and adversely affected by the occurrence of a number of risks and uncertainties pertaining to the Group's business. The following are the key risks and uncertainties identified by the Group:

- i) A significant portion of our revenue was derived from our major customers. Our five largest customers' revenue contribution for the six months ended 30 September 2017 was 86.1% of our revenue as compared to 83.1% for the six months ended 30 September 2016. We rely on contracts awarded by Hong Kong government departments, with revenue generated from contracts with government sector customers accounting for approximately HK\$182,275,000 out of our total revenue during the six months ended 30 September 2017 (six months ended 30 September 2016: approximately HK\$147,782,000).

There is no assurance that we will be able to retain our customers upon expiry of the contracts and to obtain other projects of a comparable size and quantity as replacement, failing to do so will have material impact on our business, financial condition and results of operations.

- ii) If net cash outflows to pay certain operating expenditures do not align with payments to be received from our customers, our cash flow position may be adversely affected. Our fee collection and time for profit recognition depend on the terms of service contracts and may be irregular. Our inability to collect fee in a timely manner, or at all, may materially affect our business, financial condition, results of operations and liquidity.
- iii) Our success is, to a significant extent, attributable to the leadership and contribution of our management team. The Group relies on the professional knowledge, experience and expertise of our senior management to facilitate the formulation of competitive tenders and in deciding the best cost effective methodology and logistics in order to carry out our duties in a timely manner.

Any unanticipated departure of members of our management team may have a material and adverse impact on our business, results of performance and profitability.

- iv) Error or inaccurate estimation of cost when determining the tender price or shortage of skilled staff in the environmental cleaning services industry may adversely affect the Group's profitability or reduce our earning.

## DISCLOSURE OF INTERESTS

### A. Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 30 September, 2017, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interest or short positions which they are taken or deemed to have under such provisions of the SFO) or (ii) will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors, to be notified to the Company and the Stock Exchange are as follows:

#### Long Position

Name of Shareholders	Capacity/Nature	Number of ordinary shares (Note 1)	Percentage of interest
Mr. Wong Chong Shing (Note 2, 5)	Interest in a controlled corporation; Interest in persons acting in concert	369,000,000 (L)	61.5%
Mr. Wong Man Sing (Note 3, 5)	Interest in a controlled corporation; Interest in persons acting in concert	369,000,000 (L)	61.5%
Mr. C.H. Wong (Note 4, 5)	Interest in persons acting in concert	369,000,000 (L)	61.5%

*Notes:*

1. The letter “L” denotes the person’s long position in such shares.
2. Man Shing Global Limited is a company wholly owned by Mr. C.S. Wong, our executive Director. Accordingly, Mr. C.S. Wong is deemed to be interested in all the shares in which Man Shing Global Limited is interested for the purpose of the SFO. Ms. Tang Duc Ngan, who is the spouse of Mr. C.S. Wong, is deemed to be interested in all the shares in which Mr. C.S. Wong is interested.
3. Lik Hang Investment Company Limited is a company wholly owned by Mr. M.S. Wong, our executive Director. Accordingly, Mr. M.S. Wong is deemed to be interested in all the shares in which Lik Hang Investment Company Limited is interested for the purpose of the SFO. Ms. Wong Lai Man, who is the spouse of Mr. M.S. Wong, is deemed to be interested in all the shares in which Mr. M.S. Wong is interested.
4. Chun Shing Investment Limited is a company wholly owned by Mr. C.H. Wong, our executive Director, and holds 18,000,000 shares in our Company. Accordingly, Mr. C.H. Wong is deemed to be interested in all the shares in which Chun Shing Investment Limited is interested for the purpose of the SFO. Ms. Wan Wing Ting, who is the spouse of Mr. C.H. Wong, is deemed to be interested in all the shares in which Mr. C.H. Wong is interested.
5. On 30 March 2016, a deed of acting in concert was entered into between Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong in which it was confirmed that in respect of Man Shing Cleaning Service Company Limited, Man Shing Environmental Company Limited and Jasen Services Limited (collectively, the “Relevant Companies”) during the two financial years ended 31 March 2015 and 31 March 2016 and the six months ended 30 September 2016 and thereafter from the date of the deed, the parties have been acting in concert (as defined under the Takeovers Code) to jointly reach a consensus in relation to all matters in respect of the management and business operations of each of the Relevant Companies including but not limited to voting unanimously in respect of matters that require shareholders’ or directors’ approval and the execution of documents for the purpose of furthering and expanding the business operations of the Relevant Companies. By virtue of the SFO, Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong are deemed to be interested in our shares which are interested by each other.

Save as disclosed above, as at 30 September 2017, none of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standard of dealings by Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules, or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO.



**B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company**

As at 30 September 2017, the register of substantial shareholders maintained by the Company, pursuant to section 336 of the SFO, showed that the following shareholders had notified the Company at relevant interests and short positions in the issued share capital of the Company:

**Long Position**

<b>Name of Shareholders</b>	<b>Capacity/Nature</b>	<b>Number of ordinary shares (Note 1)</b>	<b>Percentage of interest</b>
Man Shing Global Limited (Note 2)	Beneficial Owner	175,500,000 (L)	29.25%
Ms. Tang Duc Ngan (Note 2)	Interest of spouse	369,000,000 (L)	61.5%
Lik Hang Investment Company Limited	Beneficial Owner	175,500,000 (L)	29.25%
Ms. Wong Lai Man (Note 3)	Interest of spouse	369,000,000 (L)	61.5%
Chun Shing Investment Limited (Note 4)	Beneficial Owner	18,000,000 (L)	3%
Ms. Wan Wing Ting (Note 4)	Interest of spouse	369,000,000 (L)	61.5%
Pro-Integration Limited (Note 5)	Beneficial Owner	57,200,000 (L)	9.53%
Mr. Chan Shing Yi, Jacky (Note 5)	Interest in a controlled corporation	57,200,000 (L)	9.53%
Ms. Wong Wai Sze, Sony (Note 5)	Interest of spouse	57,200,000 (L)	9.53%



*Notes:*

1. The letter “L” denotes the person’s long position in such shares.
2. Man Shing Global Limited is a company wholly owned by Mr. C.S. Wong, our executive Director. Accordingly, Mr. C.S. Wong is deemed to be interested in all the shares in which Man Shing Global Limited is interested for the purpose of the SFO. Ms. Tang Duc Ngan, who is the spouse of Mr. C.S. Wong, is deemed to be interested in all the shares in which Mr. C.S. Wong is interested.
3. Lik Hang Investment Company Limited is a company wholly owned by Mr. M.S. Wong, our executive Director. Accordingly, Mr. M.S. Wong is deemed to be interested in all the shares in which Lik Hang Investment Company Limited is interested for the purpose of the SFO. Ms. Wong Lai Man, who is the spouse of Mr. M.S. Wong, is deemed to be interested in all the shares in which Mr. M.S. Wong is interested.
4. Chun Shing Investment Limited is a company wholly owned by Mr. C.H. Wong, our executive Director, and holds 18,000,000 shares in our Company. Accordingly, Mr. C.H. Wong is deemed to be interested in all the shares in which Chun Shing Investment Limited is interested for the purpose of the SFO. Ms. Wan Wing Ting, who is the spouse of Mr. C.H. Wong, is deemed to be interested in all the shares in which Mr. C.H. Wong is interested.
5. Pro-Integration Limited is a company wholly owned by Mr. Chan Shing Yi, Jacky. Accordingly, Mr. Chan Shing Yi, Jacky is deemed to be interested in all the shares in which Pro-Integration Limited is interested for the purpose of the SFO. Ms. Wong Wai Sze, Sony, who is the spouse of Mr. Chan Shing Yi, Jacky, is deemed to be interested in all the shares in which Mr. Chan Shing Yi, Jacky is interested.

Save as disclosed above, as at 30 September 2017, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO.

## **COMPETING AND CONFLICT OF INTEREST**

None of the Directors nor the Controlling Shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interest in a business, which competes or may compete, either directly or indirectly, with the business of the Group nor which has or may have any conflict of interest with the Group during the six months ended 30 September 2017.

## **DIRECTORS’ INTERESTS IN CONTRACTS**

Other than as disclosed under the heading “Related Party Transactions” as set out in note 15 to the unaudited condensed consolidated interim financial statements, no Director had a material interest in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the six months ended 30 September 2017.



## **INTEREST OF COMPLIANCE ADVISOR**

In accordance with Rule 6A.19 of the GEM Listing Rules, our Group has appointed Changjiang Corporate Finance (HK) Limited as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Except for the compliance adviser agreement entered into between the Company and our compliance adviser dated 19 October 2016, neither our compliance adviser nor its Directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company which is required to be notified to our Group pursuant to Rule 6A.32 of the GEM Listing Rules.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company or any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities after the Listing Date and up to the period ended 30 September 2017.

## **CORPORATE GOVERNANCE CODE**

Since the listing of the Company on 13 April 2017 and up to 30 September 2017, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 15 to the GEM Listing Rules.

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the best interest of the Company and its shareholders.

The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code. The Company has in practice complied with the new requirements under the amendments to the CG Code relating to risk management and internal control.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the required standards set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the "Code of Conduct"). The Company has made specific enquiry with all Directors, and all Directors have confirmed that they have fully complied with the required standards of dealings set out in the Code of Conduct from the Listing Date up to 30 September 2017.

## **CHANGE OF DIRECTORS' INFORMATION**

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, the change in the information of the Directors since the date of the Annual Report 2017 or the announcement in relation to the resignation of Director (as the case may be) is set out below:

Mr. Chan Shing Yi Jacky has resigned as an executive Director of the Company with effect from 18 September 2017.

## SHARE OPTION SCHEME

The share option scheme of the Company (the “Share Option Scheme”) has been adopted by way of a written resolution passed by the shareholders on 20 March 2017. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No Share option has been granted since the adoption of the Share Option Scheme and there are no share options outstanding as at 30 September 2017.

## AUDIT COMMITTEE

The audit committee has been established on 20 March 2017 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraphs C.3.3 and C.3.7 of the CG Code. The audit committee consists of three members, namely, Mr. Au-Yeung Tin Wai, Mr. Lee Pak Chung and Mr. Chiu Ka Wai, all being independent non-executive Directors. Mr. Au Yeung Tin Wah currently serves as the chairman of the audit committee.

The committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of our Group, and as to the adequacy of the external and internal audits.

The audit committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 September 2017 and is of the view that such results complied with the applicable accounting standards, principles and policies, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board  
**Man Shing Global Holdings Limited**  
**Wong Chong Shing**  
*Chairman of the Board*

Hong Kong, 14 November 2017

*As at the date of this report, the Board comprises three executive Directors, namely, Mr. Wong Chong Shing, Mr. Wong Man Sing, Mr. Wong Chi Ho, and three independent non-executive Directors, namely Mr. Lee Pak Chung, Mr. Au-Yeung Tin Wah and Mr. Chiu Ka Wai.*