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)

ANNUAL 2018 REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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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 the 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.

Contents

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 September 2017)

Independent Non-Executive Directors

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

COMPANY SECRETARY

Mr. Li Kin Hing (resigned on 15 May 2017)
Mr. Chan Shiu Kwong, Stephen
(appointed on 15 May 2017)

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
KY1-1104, Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 10, 11/F Trans Asia Centre
18 Kin Hong Street
Kwai Chung, New Territories
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman
KY1-1102, 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) Limited

COMPLIANCE OFFICER

Mr. Wong Chong Shing

AUDITORS

SHINEWING (HK) CPA Limited

LEGAL ADVISOR

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

STOCK CODE

8309

Three-Year Financial Summary

	Year ended 31 March		
	2016	2017	**2018**
	HK$'000	HK$'000	**HK$'000**
Revenue	346,999	463,795	**423,494**
(Loss) profit attributable to owners of the Company	12,522	2,782	**(10,024)**
(Loss) earnings per share (HK cents)			
– basic and diluted	192.88	0.66	**(1.68)**

	Year ended 31 March		
	2016	2017	**2018**
Assets and liabilities (HK$'000)	HK$'000	HK$'000	**HK$'000**
Non-current asset			
Plant and equipment	17,743	18,011	**12,645**
Current assets			
Amount due from a shareholder	9,503	–	**–**
Trade receivables	41,008	55,456	**49,548**
Prepayments, deposits and other receivables	9,213	12,792	**4,803**
Tax recoverable	–	–	**3,536**
Pledged bank deposits	11,654	25,420	**30,643**
Bank balances and cash	38,744	17,059	**28,640**
Current liabilities	86,780	86,686	**63,456**
Net current assets	23,342	24,041	**53,714**
Total assets less current liabilities	41,085	42,052	**66,359**
Share capital	–	380	**6,000**
Reserve	28,695	27,697	**50,916**
	28,695	28,077	**56,916**
Non-current liabilities	12,390	13,975	**9,443**
	41,085	42,052	**66,359**

Dear Shareholders,

On behalf of the board of Directors (the "**Board**") of Man Shing Global Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**" or "**Man Shing**"), I am pleased to present the audited consolidated annual results of the Group for the year ended 31 March 2018 (the "**Year**" or the "**Reporting Period**").

2017 marks our 30th anniversary. Since 1987, we have been proudly providing cleaning services all over Hong Kong and have become one of the largest cleaning services company in Hong Kong. We are honored to have played an important role in providing environmental cleaning solutions for Hong Kong residents, and we strive to maintain and strengthen our position in the cleaning services industry.

During the Year, we faced keen competition within the cleaning industry in Hong Kong, as well as the challenges of labour shortage and increasing material costs, which led to a decrease in our profits. Nevertheless, through providing high quality cleaning services, we still managed to maintain good business relationships with our customers and secure large-scale contracts from both public and private sectors. It is our main objectives to achieve sustainable growth and raise our overall competitiveness. As such, we have been focusing on enhancing our operational efficiency and our effectiveness in cost control, as well as improving our internal control and financial position.

In the coming year, the Group will allocate more resources to training and inspection in the areas of occupational safety, job-specific skills and operations as well as regulations for our employees, so as to promote occupational safety and compliance. We will continue to strengthen our information and communication technology to improve our operational efficiency, and expand our business in the private sector to broaden our client base. Moreover, we will procure more advanced cleaning machinery and equipment to reduce labour costs. Looking forward, with a view to bringing long term value to our shareholders, we are going to explore new business opportunities to further develop our services.

Last but not least, I would like to take this opportunity to express my gratitude to our team for their continuous contributions to the Group's achievements. I would also like to sincerely thank our shareholders, customers and business partners for their continuous support. Looking ahead, we will work together with all stakeholders.

Wong Chong Shing
Chairman of the Board

26 June 2018

BUSINESS REVIEW

With more than 30 years of experience in environmental cleaning solution industry in Hong Kong, we have steadily grown our business since our inception and now our wide range of services extend to cover 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 solution 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 which include various one-off cleaning services such as external wall and window cleaning, confined space cleaning, as well as pest control and fumigation.

After an incredible growth in the year pursuing public listing in Hong Kong, our business faced an unexpected botch. In the past few months, despite our attempts to renew some core contracts, we have been overcast by competitors and failed to do so due to their cut throat pricing for street cleaning contracts. Our revenue slid lower as compared to the same period last year which were mainly caused by the expiration of six contracts with a total contract sum of approximately HK$324,564,000 not being renewed including four street cleaning contracts and two waste disposal management contract with government departments. As a consequence, our gross profit margins reported of approximately HK$26,802,000, representing a 39.3% decrease from last year's figure. As a result our annual result this year sends a discouraging signal to our shareholders. However, our management will likely take 3 to 6 months to rectify this situation and will turn it around by implementing new cost control policies.

We maintain a strong relationship with our customers in the private sector. On a yearly basis, all our businesses in the private sector saw improvements, ranging from a moderate increase of 2.2% to 3%. Overall, there were far fewer instances of service terminations in the private sector business and more new projects such as bus cleaning service have been started when compared to the past year.

As at 31 March 2018, we only had six contracts on hand for street cleaning contracts in gross amount of approximately HK$462,134,000. In order to provide a beacon for stability, our management will consider developing new products and ideas.

OUTLOOK

The environment has definitely widened opportunities with higher business risks ahead which will soon favorably impact our bottom line. There is little doubt in our minds that better days are ahead. There are some good reasons for our optimism.

Internally we have outlined a plan to cut costs and boost profit margins back to a reasonable level. We will undergo a profound refocus of our operations and may even consider not pursuing unprofitable business. We will make necessary restructures. We have to improve our operational efficiency so as to improve our profit margins. Definitely we are driven to turn the business around by looking at every single part of our business.

Of less concern to us than policy blunders is the discussion in the market about the suggestion of disallowing employers to offset long service payments or severance payments paid to employees with the relevant Mandatory Provident Fund (the "**MPF**") accrued benefits derived from employers' contributions. In the past few years, we have foreseen that relevant policies may be adopted, and that we believe that our operational costs will soon be affected significantly.

While sticking to our time-proven strategy, we will also explore new business opportunities. A more immediate challenge to the Company is the high labor shortage in this market. To be clear, much efforts has been spent to develop manpower utilization and waste management aiming to provide a steady workforce to the Group and help clients to destroy various kinds of materials including but not limited to papers and glasses, etc.

Undoubtedly, we shall secure new tenders from various government departments of Hong Kong that have not previously engaged our services. With our considerable resources, including our stable management force and experienced fleet management team, we believe that we are well-equipped to undertake new projects from government departments of Hong Kong, which generally require cleaning services providers with substantial resources and experiences such as our Group.

FINANCIAL REVIEW

Revenue

During the Reporting Period, all of our Group's revenue was generated from the provision of environmental cleaning solutions which amounted to approximately HK$423,494,000 (2017: approximately HK$463,795,000), representing a decrease of approximately HK$40,301,000 or 8.7% when compared to the year ended 31 March 2017. Such decrease was mainly attributable to the expiration of 4 street cleaning projects with a contract sum of approximately HK$274,887,000 which represents approximately 42.9% of the total street cleaning revenue of our Group in last year.

Gross profit and gross profit margin

Our Group's gross profit decreased by approximately HK$17,378,000 or 39.3% from approximately HK$44,180,000 for the year ended 31 March 2017 to approximately HK$26,802,000 for the Reporting Period. Our Group's gross profit margin decreased from 9.5% for the year ended 31 March 2017 to 6.3% for the Reporting Period, representing a decrease of approximately 33.7%. Such decrease was mainly attributable to the significant labour costs incurred for contracts completed during the Reporting Period. This large expenditure relates to payment of service payment to workers after offsetting the MPF contribution from us and accumulated holiday day compensation payments to workers of approximately HK$4,796,000 when our contract has ended, which amounts to approximately HK$10,506,000.

Other income

Other income of our Group increased by approximately HK$2,478,000 from approximately HK$128,000 for the year ended 31 March 2017 to approximately HK$2,606,000 for the Reporting Period. The increase was mainly attributable to the non-recurring gain on disposal of a few specialised vehicles in the year ended 31 March 2018 as compared to lesser amount of gain from the disposal of plant and machinery for the year ended 31 March 2017.

Administrative expenses

Administrative expenses of our Group increased by approximately HK$1,161,000 from approximately HK$35,139,000 for the year ended 31 March 2017 to approximately HK$36,300,000 for the Reporting Period. Administrative expenses consist primarily of staff costs and Directors' remuneration, insurance expense related to fees for our insurance policies and insurance expenses for our business operation, depreciation, maintenance, office supplies and transportation expense, legal and professional fee, listing expenses, and other administrative expenses. Because of the non-recurring listing expenditure as compared to last year's figure of approximately HK$12,700,000, an approximate amount of HK$7,509,000 was booked into ledger. The benefit of the reduced expenses was overcast by a corresponding upsurge of additional administrative items that have been incurred for the full year services engagement of compliance adviser, legal consultant, risk and internal control management consultant, annual general meeting advisor, offshore legal compliance and other non-audited services. These were all catalogued as legal and professional fee, adding up to an amount of approximately HK$2,161,000 this year as compared to HK$113,000 in last year. On top of these, our Group has paid a final settlement sum of approximately HK$306,100 in compensation of fatal accidents even after offsetting insurance coverage benefit.

Finance costs

Finance costs for our Group decreased by approximately HK$400,000 or 12.8% from approximately HK$3,121,000 for the year ended 31 March 2017 to approximately HK$2,721,000 for the Reporting Period. The decrease was mainly attributable to a reduction of interests payable on bank borrowings when there was an improvement in collection of trade receivables after service and early repayment of bank borrowings.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Our liquidity is primarily dependent on our ability to maintain adequate cash inflow from operations to meet our debt obligations as they fall due and our ability to obtain external financing to meet our committed future capital expenditure.

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 as at 31 March 2018 was 1.85 times as compared to that of 1.28 times as at 31 March 2017. The current ratio has improved during the Reporting Period. The increase was mainly due to (i) an overall improvement of our cash flow management resulting in an increase of bank balance and cash position; and (ii) an increased collection effort resulting in a reduction in the amount of overdue account receivable. This is a reflection of the health of the liquidity of our Group and also indicates that we are capable of paying our vendors and creditors on time and are able to maintain a restrictive credit policy.

The total interest bearing debts of our Group, including bank borrowings and finance lease liabilities, decreased from approximately HK$39,621,000 as at 31 March 2017 to HK$35,362,000 as at 31 March 2018 approximately. 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 31 March 2018, our Group had bank borrowings amounted to approximately HK$25,306,000 (2017: HK$24,753,000). As at 31 March 2018, the general banking facilities were secured by the pledge of deposit acceptable to relevant banks. A charge over asset shall be executed by the borrower or its related parties in favour of the Bank. Banks shall hold a corporate guarantee to be executed by the Company for the total outstanding amount under relevant facilities.

We entered into finance lease agreements for certain vehicles. The average lease terms were five years during the Reporting Period. The effective interest rate for the obligations under finance leases for the year ended 31 March 2018 were under fixed rates and ranged from 1.80% to 3.75% per annum.

As at 31 March 2018, the finance lease liabilities amounted to approximately HK$10,056,000 (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 leases required personal guarantees given by two of the Controlling Shareholders, such guarantees have been released upon listing on 13 April 2017.

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 and multiplied by 100%, was approximately 44.5% as at 31 March 2018 (2017: approximately 88.2%). The decrease in our gearing ratio was primarily due to (i) the aggregate increase of share capital of approximately HK$5,620,000; and (ii) an increase of share premium of approximately HK$33,243,000 after deducting the relevant cost for capitalisation of new shares issued under the listing. The above factors boosted the total equity of our Company in the Reporting Period and eventually significantly lowered our gearing ratio. With available bank balances and cash and bank credit facilities, we have sufficient liquidity to satisfy our funding requirements.

CAPITAL STRUCTURE

As at 31 March 2018, the share capital and total equity attributable to equity holders of the Company amounted to approximately HK$6,000,000 and HK$56,916,000 respectively.

CONTINGENT LIABILITIES

We have financial guarantee contracts on performance bonds issued by banks for due performance under several of our contracts. The said performance bonds were entered into between the Group and the banks. Generally, in case that there is a breach of contract regarding our service performance to our customer and the customer thus claims from the relevant bank, the bank may further deduct the amount of the said claim from our pledged deposits. As at 31 March 2018, the amounts of pledged deposit to banks as security for banking facilities was HK$30,643,000 (2017: approximately HK$25,420,000).

During the year ended 31 March 2018, the Group may from time to time be involved in litigation concerning personal injuries by its employees or third party claimants. In the opinion of the directors of the Company, no material potential liabilities arising from legal proceedings are accounted for in the consolidated financial statements as they are adequately covered by insurance protection.

Two traffic accidents occurred in January 2016 and February 2016 had exposed two subsidiaries of the Company to personal injuries claims. As at the date of this report, there are two legal proceedings initiated against the two subsidiaries. Based on the legal advice obtained, the directors of the Company considered that the aggregate exposure to the potential damages are expected to be approximately HK$4.63 million and assuming that the third party insurance policies are in order, such damages are expected to be adequately covered by relevant third party insurance policies.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 18 January 2018, the Company through its indirect wholly-owned subsidiary, Matrix International Investments Limited ("**Matrix**"), entered into a non-legally binding memorandum of understanding (the "**MOU**") with Mr. Tse Chung Kin Dikki-arrow ("**Mr. Tse**") and Kin Sang (Industrial) Services Company Limited ("**Kin Sang**"). Pursuant to the MOU, Matrix proposed to acquire certain shares in Kin Sang from Mr. Tse, the sole shareholder and sole director of Kin Sang. However, the MOU was subsequently terminated by a termination agreement entered into between Matrix, Mr. Tse and Kin Sang on 6 April 2018.

EXPOSURE TO EXCHANGE RATE FLUCTUATION

Our Group's business operations were conducted in Hong Kong and the transactions, monetary assets and liabilities of our Group were denominated in Hong Kong dollar. As no monetary assets were denominated in foreign currencies, our 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.

CHARGE OVER OUR GROUP'S ASSETS

The total interest bearing debts of our Group, including bank borrowings and finance lease liabilities amounted to approximately HK$35,362,000 (2017: HK$39,621,000) as at 31 March 2018. As at 31 March 2018, our Group had general banking facilities amounted to HK$126,497,000 (2017: HK$103,338,000).

As at 31 March 2018, our Group had secured bank borrowing with outstanding balance of approximately HK$25,306,000 (2017: approximately HK$24,753,000) and utilised performance bond of approximately HK$39,607,000 (2017: approximately HK$42,042,000). As at 31 March 2018, the general banking facilities were secured by (i) corporate guarantee to be executed by the Company, and (ii) certain cash deposits of subsidiaries and certain cash deposit and properties of the Directors and certain trade receivable of a subsidiary.

Regarding the pledge of two properties owned by one of the Controlling Shareholders and two other properties owned by a company which is wholly owned by two Controlling Shareholders and their unlimited personal guarantees, such pledge of the said properties owned by the two Controlling Shareholders and the unlimited personal guarantees given by the two Controlling Shareholders were released and replaced by corporate guarantee given by the Company as at the date of this report.

As at 31 March 2018, the finance lease liabilities amounted to approximately HK$10,056,000 (2017: approximately HK$14,868,000), were secured by the personal guarantees given by one of the Controlling Shareholders, and such guarantees have been released upon listing on 13 April 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, our Group had approximately 2,980 employees (2017: 3,893 employees). The total staff costs incurred, including Directors' emoluments, of our Group were approximately HK$356,178,000 for the Reporting Period (2017: approximately HK$367,051,000).

Remuneration is determined based on each employee's qualifications, 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 benefits like provision of retirement benefits, various types of trainings and sponsorship of training courses. We have 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 promotions.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the Reporting Period (2017: NIL).

No special dividends has been declared in respect of the year ended 31 March 2018 to the shareholders.

EVENTS AFTER THE REPORTING PERIOD

As aforementioned, Matrix, Mr. Tse and Kin Sang entered into a termination agreement on 6 April 2018 to terminate the MOU. Saved as disclosed herein, there is no significant event arising after the Reporting Period.

COMPARISON OF BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives set out in the Prospectus dated 30 March 2017 (the "**Prospectus**") with our Group's actual business progress for the year ended 31 March 2018 are set out below:

Business objectives up to 31 March 2018	Actual business progress up to 31 March 2018
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 planned.
– One suction sweeper – Four 16-ton water wagons – Two 16-ton grab lorries	The Group will continue monitoring the effectiveness and efficiency of all specialised vehicles in use and consider to purchase the remaining specialised vehicles in pursuance of the revolving cycle to meet the needs of existing projects on hand or newly awarded projects in the near future.
– One 30-ton hook-lift truck	Purchase one unit totalling HK$1,344,220.
2. Sales and marketing activities to promote brand awareness	
– Recruitment of one senior marketing officer and one assistant marketing officer	The Group recruited one assistant marketing officer with staff cost of approximately HK$48,000.
– Printing of company brochures and leaflets, advertising in newspapers and magazines, and bolstering company website	Hitherto we are making headway to bolster company the website, and we 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 engaging a professional designer firm to design the website.

Business objectives up to 31 March 2018	Actual business progress up to 31 March 2018
3. Purchase of automated cleaning machinery and equipment	The Group has purchased equipment during the period as follows:
– Twenty three hot water pressure washers	Purchased two units totalling HK$19,400
– Fifteen cold water pressure washer	Purchased four units totalling HK$31,600
– Forty pest control machines	Purchased two units totalling HK$2,020
– Thirty five water suction cleaners	Purchased eighteen units totalling HK$73,320
– Sixteen power generators	No purchase has yet been made
– One marble floor refinishing machine	Purchased two units totalling HK$50,700
– One automated floor cleaning machine	Purchased four units totalling HK$58,250
– Ten vacuum cleaners	Purchased forty-seven units totalling HK$26,650
– Five lawn mowers	No purchase has yet been made
– Two air blowers	No purchase has yet been made

The demand for automated cleaning machinery and equipment was lower than expected due to the expiration of certain street service cleaning contracts during the Reporting Period. As a result, the actual quantity of the cleaning machinery and equipment purchased by the company up to 31 March 2018 was less than the expected quantity set out in the Prospectus over the same period.

USE OF PROCEEDS OBTAINED FROM THE LISTING

Our Group intends to apply the net proceeds to (i) purchase of new specialized vehicles; (ii) the repayment of loan; (iii) the strengthening of our sales and marketing activities; (iv) the purchase of new automated cleaning machinery and equipment; and (v) use as our Group's general working capital and other general corporate purposes. During the year ended 31 March 2018 and up to the date of this report, (i) approximately HK$2,126,000 had been used to purchase new specialised vehicles; (ii) approximately HK$4,900,000 had been used for the early repayment of bank loans; (iii) approximately HK$176,000 had been used to strengthen our sales and marketing activities; (iv) approximately HK$260,000 for the purchase of new automated cleaning machinery and equipment; and (v) approximately HK$1,200,000 had been used for general working capital and general expenses.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the Reporting Period, 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 of 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 interests 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.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities after the Reporting Period and up to the date of this report.

COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by our Group which competes or is likely to compete, directly or indirectly, with our Group's business during the Reporting Period and up to the date of this report.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard 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 to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the Reporting Period and up to the date of this report.

INTEREST OF COMPLIANCE ADVISER

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. Save for the revised compliance adviser agreement entered into between the Company and Changjiang Corporate Finance (HK) Limited dated 13 April 2018, neither Changjiang Corporate Finance (HK) Limited nor its directors, employees or close associates 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.

AUDIT COMMITTEE

An audit committee has been established 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 Wah, 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 this report and the audited consolidated financial statements of the Group for the Reporting Period and is of the view that such statement complied with the applicable legal requirements and that adequate disclosures have been made.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This report will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.manshing.com.hk). The annual report for the Reporting Period containing all the information required by the GEM Listing Rules will be published on the website of the Company and the Stock Exchange and will be despatched to the Company's shareholders in due course.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting (the "**AGM**") of the Company will be held on Tuesday, 7 August 2018 at Basement 2, Unicorn & Phoenix Room, The Charterhouse, Causeway Bay, 209–219 Wanchai Road, Hong Kong. For the purpose of determining entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 2 August 2018 to Tuesday, 7 August 2018, both days inclusive, during which period no transfer of the shares of the Company (the "**Shares**") will be registered. In order to qualify for attending and voting at the AGM, all transfer of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 1 August 2018.

EXECUTIVE DIRECTORS

Mr. Wong Chong Shing (黃創成) ("Mr. C.S. Wong"), aged 53, was appointed as an executive Director on 18 March 2016. He was also appointed as the chairman of the Board and compliance officer of our Group on 12 August 2016. He is a co-founder of our Group with Mr. M.S. Wong and is responsible for the overall strategic planning, business development and corporate policy making as well as the day-to-day management, marketing and administration of our Group's business operation. Mr. C.S. Wong is the chairman of the Nomination Committee and Risk Management Committee of our Group. Mr. C.S. Wong is the younger brother of Mr. M.S. Wong and the uncle of Mr. C.H. Wong.

Prior to co-founding our Group, Mr. C.S. Wong was employed as a warehouse keeper for Jianhua Logistics Company (健華貿易公司) from 1983 to 1984. He then joined the Hong Kong Police Force in April 1984. Mr. C.S. Wong left his position in the Hong Kong Police Force in 1987 to start up a cleaning business with Mr. M.S. Wong. In July 1998, Mr. C.S. Wong and Mr. M.S. Wong founded Man Shing Cleaning Service Company Limited. As a result of Mr. C.S. Wong's achievements in the cleaning industry, he was awarded as the permanent honorary chairman (永遠榮譽會長) of the Hong Kong Waste Disposal Industry Association (香港廢物處理業協會) in February 2011.

Mr. C.S. Wong completed secondary school and the Hong Kong Certificate of Education Examination in 1983. In furtherance of his cleaning business, he completed the Pest Control and Pesticide Safety Core Course at the University of Hong Kong, School of Professional and Continuing Education and the Restoration of Marble and Granite Course organised by the Hong Kong Marble and Granite Merchants Association (香港雲石商會) on 10 June 2005 and 30 December 2005 respectively.

Mr. Wong Man Sing (黃萬成) ("Mr. M.S. Wong"), aged 56, was appointed as an executive Director on 18 March 2016. He was also appointed as the chief executive officer of our Group on 12 August 2016. He is a co-founder of our Group with Mr. C.S. Wong and is responsible for the overall strategic planning, business development and corporate policy making as well as the day-to-day management, marketing and administration of our Group's business operation. Mr. M.S. Wong is the elder brother of Mr. C.S. Wong and the father of Mr. C.H. Wong.

Mr. M.S. Wong worked as a driver for East Asia (Cleaning Service) Limited (東亞(清潔服務)有限公司) and World Cleaning Company (世界清潔公司) from 1981 to 1983 and 1983 to 1985, respectively. From 1985 onwards, Mr. M.S. Wong began to venture into his own cleaning services business and co-founded Man Shing Cleaning Service Company Limited with Mr. C.S. Wong in July 1998. Mr. M.S. Wong attended Kwai Hsing College (葵星工業中學) up to Form 3 in 1980 and moved on to become an apprentice at Wing On Shing Shipyard Limited from 1980 to 1981.

Mr. Wong Chi Ho (黃志豪) ("Mr. C.H. Wong"), aged 28, was appointed as an executive Director on 18 March 2016. He was also appointed as the deputy chairman of the Board of our Group on 12 August 2016. Mr. C.H. Wong is responsible for the overall strategic planning, business development and corporate policy making as well as the day-to-day management, marketing and administration of our Group's business operation. Mr. C.H. Wong is the son of Mr. M.S. Wong and the nephew of Mr. C.S. Wong.

Mr. C.H. Wong joined our Group as the managing director of Jasen Services Limited on 19 December 2012 and has been managing the business of Jasen Services Limited since then. As a managing director of Jasen Services Limited, Mr. C.H. Wong has been responsible for its business development, tendering of cleaning contracts, improving its customer service, cost control and purchasing matters as well as overseeing its financial operations. Apart from being a managing director of Jasen Services Limited, Mr. C.H. Wong currently serves as the treasurer of the Hong Kong Waste Disposal Industry Association Limited for the year of 2016–2017.

Mr. C.H. Wong obtained a high diploma in Business Administration from the School of Business and Information Systems of the Vocational Training Council in July 2010 and graduated from the Queensland University of Technology in Brisbane, Australia with a Bachelor of Business (Management) degree in July 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Pak Chung (李伯仲), aged 77, was appointed as an independent non-executive Director on 12 August 2016. Mr. Lee is responsible for providing independent judgment on issues of strategy, policy, performance, resources and standards of conduct of our Group.

Mr. Lee possesses a solid background of 35 years in management. From August 1961 to January 1970, Mr. Lee worked as a postal clerk in the Post Office Department of the government of Hong Kong. From January 1970 to March 1973, he worked as a housing assistant in the Housing Division of the Urban Services Department. From April 1973 to September 1996, Mr. Lee worked in the Housing Department with the last position as the senior housing manager. From November 1996, Mr. Lee worked with Guardian Property Management Limited and had been an executive director before he left the company in December 2009. From March 2010 to April 2013, Mr. Lee entered the cleaning services industry and became the general manager of Cheung Kee Environmental Limited.

Mr. Lee became a fellow member of the Institute of Housing, London in September 1987 and a fellow member of the Hong Kong Institute of Housing in November 1989. Mr. Lee has become a member of the Association of Project Managers since June 1992, a member of the Hong Kong Institute of Facility Management since January 2008 and a fellow member of the Hong Kong Institute of Real Estate Administrators since March 2008. In November 2000, Mr. Lee was registered as a professional housing manager of the Housing Managers Registration Board. From October 2006 to October 2008, Mr. Lee was appointed as one of the committee members of the Property Management Industry Training Advisory Committee by the Education and Manpower Bureau of the government of Hong Kong and was appointed as Sector/Subject Specialist for a three year period until June 2012 by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications. Mr. Lee obtained the Certificate in Housing Management (now known as the Diploma in Housing Management) from The University of Hong Kong in 1974. Mr. Lee subsequently obtained the Certificate in Project Management as awarded by the Royal Institute of Public Administration International Limited in May 1992.

Mr. Au-Yeung Tin Wah (歐陽天華), aged 55, was appointed as an independent non-executive Director on 12 August 2016. Mr. Au-Yeung is responsible for providing independent judgment on issues of strategy, policy, performance, resources and standards of conduct of our Group.

Mr. Au-Yeung has over 20 years of experience in auditing, finance and administration. He worked for Price Waterhouse (now known as PricewaterhouseCoopers Hong Kong) from August 1987 to July 1990 and his last position held was senior accountant. From July 1990 to December 1991, he acted as financial manager at Paramount Printing Group Limited (now known as Next Digital Limited), a company listed on the Main Board of the Stock Exchange (stock code: 282). From December 1991 onwards, he worked as financial manager at a major private company in Hong Kong. In 1992, Mr. Au-Yeung began to establish his CPA practice and he is now the director of Lau & Au Yeung C.P.A. Limited. Mr. Au-Yeung obtained a Professional Diploma in Accountancy from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1987. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Society of Registered Financial Planners.

Furthermore, Mr. Au-Yeung has been acting as the independent non-executive director of AMVIG Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2300) since May 2006. Since March 2014, Mr. Au-Yeung has been acting as an independent non-executive director of Wai Chi Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1305).

Mr. Chiu Ka Wai (招家煒), aged 57, was appointed as an independent non-executive Director on 12 August 2016. Mr. Chiu is responsible for providing independent judgment on issues of strategy, policy, performance, resources and standards of conduct of our Group.

Mr. Chiu has over 23 years of experience in management. He has worked at Collier Petty Chartered Surveyors and was promoted to the position of management officer in April 1986. He then went on to work as estate manager at Pokfulam Development Company Limited ("**Pokfulam Development**"), a company listed on the Main Board of the Stock Exchange (stock code: 225), from June 1986 to September 2009. In June 1989, he was appointed as a director of Pokfulam Property Management Limited, a property management subsidiary of Pokfulam Development, and served in that capacity until September 2009. Mr. Chiu completed secondary education in Hong Kong in 1980 and a Certificate Programme on Estate Management organised by The Hong Kong Management Association in October 1985.

SENIOR MANAGEMENT

Mr. Chan Shiu Kwong Stephen (陳紹光) aged 61, was appointed as the chief financial officer and company secretary of our Group on 8 August 2017 and 15 May 2017 respectively. He is responsible for overseeing our Group's financial planning and financial management.

Mr. Chan holds a Master degree in Professional Accounting from The Hong Kong Polytechnic University and a Bachelor of Commerce from Curtin University, Australia. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of Certified Public Accountants (Australia), a fellow member of the Institute of Chartered Secretaries and Administrators, a fellow member of the Hong Kong Institute of Chartered Secretaries, a member of the Hong Kong Securities and Investment Institute and an affiliated member of the American Society of Appraisers. Mr. Chan has over 30 years of experience in property development, manufacturing, travel and gaming related industries. His profound experience was derived from merger and acquisition transactions, treasury, strategies and risk management, corporate finance, accounting, tax planning and company secretary practice with many multinational companies in China and listed companies in Hong Kong including American President lines, Paccess International Limited, Tileman (UK) Limited, Dairy Farm Cold Storage Group Ltd, Hopewell Construction Company Limited, Shui On Construction Company Limited, Wing On Travel Group and being worked as an executive director of Rich Goldman Holdings Ltd (formerly known as Neptune Group) listed in Main Board of Stock Exchange (Code: 0070).

Currently, he is a member of The Association of Hong Kong Professionals and Hong Kong and Kowloon Chiu Chow Public Association. Previously he has been appointed as a non-executive Director of Universe International Financial Holding Limited (formerly known as Universe International Holdings Limited), the shares of which are listed in Main Board of Stock Exchange (Code 1046). With effect from 6 August 2015, Mr. Chan has been also appointed as an Independent non-executive director of China Jicheng Holdings Limited, a company whose shares are listed in Main Board of the Stock Exchange (Code 1027).

Mr. Chan Ngai Kam (陳毅鑫), aged 42, joined our Group on 16 August 2010 as quality manager and was promoted to operation manager on 1 April 2012. Mr. Chan was appointed as the chief operating officer of our Group on 1 April 2016. He is responsible for overseeing our Group's business operations and day-to-day management.

From June 1994 to October 1994, Mr. Chan worked as a technician trainee at JLW Management Services Ltd.. From November 1994 to October 1997, Mr. Chan worked as a technician trainee at Broadview Property Services Limited. Mr. Chan worked at Centuryan Services Limited as foreman from December 1997 to July 2000 and became supervisor in January 2001. He left the company in June 2010 and his last position held was contract manager. From June 2006 to March 2007, Mr. Chan worked as a senior supervisor at Broad Capital Limited.

Mr. Chan was awarded the Craft Certificate for Electricians by the Hong Kong Institute of Vocational Education on 14 September 1999. He was also awarded the Certification of Gondola (SWP) Operator by the Working Committee on Certification of Gondola Operator of ECMA (環保工程商會吊船操作證書委員會) on 16 July 1998 and the Certificate of Competence in Manual Handling (體力處理操作合格證書) by the Occupational Safety & Health Council on 12 June 2014.

Ms. Chow Pui Ying (周佩英), aged 39, joined our Group as administrator officer on 27 April 2010 and was appointed as the administrative and personnel manager of our Group on 1 April 2016. She is responsible for overseeing our Group's daily administration, insurance and human resources matters.

Before joining our Group, Ms. Chow worked at McDonald's Restaurants (Hong Kong) Limited from July 1997 to October 2009. She first joined the company as a manager trainee and was promoted to become the second assistant manager after 5 months in December 1997 and the first assistant manager in September 2006. Ms. Chow completed secondary school at Saint Too Girls' College in 1996 and obtained a Foundation Certificate in Food Hygiene from the Chartered Institute of Environmental Health on 11 August 2005.

Mr. Wong Chi Ming (黃志明), aged 53, was appointed as the transportation and purchasing manager of our Group on 1 April 2016 and is responsible for overseeing the procurement of materials and vehicle fleet management of our Group. He started serving as the senior manager of Jasen Services Limited and Man Shing Cleaning Service Company Limited on 1 May 2013.

Mr. Wong worked at Pollution & Protection Services Limited from July 1995 to February 2006 and his last position held was deputy operations manager. After that, he joined Cheung Kee Environmental Limited as deputy general manager from February 2006 to April 2013. Mr. Wong was awarded the Certificate of Competence in Manual Handling and the Combined Certificate for Safety & Health Supervisor (Environmental Hygiene) by the Occupational Safety & Health Council on 20 April 2001 and 28 December 2010 respectively. He was appointed as the Fire Safety Ambassador by the Fire Services Department on 13 May 2004.

Mr. Wong graduated from CMA Prevocational School in 1979 and was trained in metalwork, practical electricity and fabrication. He subsequently received technical education on motor vehicle mechanics at Lee Wai Lee Technical Institute from 1979 to 1982 and received a certificate of completion of apprenticeship as a vehicle mechanic at Dah Chong Hong (Motor Service Centre) Limited on 3 February 1983.

COMPANY SECRETARY

Mr. Li Kin Hing (李建興), aged 57, was appointed as company secretary of our Group on 30 March 2016 and resigned as company secretary with effect from 15 May 2017.

Following the resignation of Mr. Li, **Mr. Chan Shiu Kwong, Stephen (陳紹光)**, aged 61, has been appointed as the company secretary of our Group with effect from 15 May 2017. Mr. Chan has over 30 years of experience in property development, manufacturing, travel and gaming related industries. His profound experience was derived from merger and acquisition transactions, treasury, strategies and risk management, corporate finance, accounting, tax planning and company secretary practice with many multinational companies in China and listed companies in Hong Kong.

Mr. Chan holds a Master degree in Professional Accounting from The Hong Kong Polytechnic University and a Bachelor of Commerce from Curtin University, Australia. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of Certified Public Accountants (Australia), a fellow member of the Institute of Chartered Secretaries and Administrators, a fellow member of the Hong Kong Institute of Chartered Secretaries, a member of the Hong Kong Securities and Investment Institute and an affiliated member of the American Society of Appraisers.

CORPORATE GOVERNANCE PRACTICES

The maintenance of good business ethics and corporate governance practices has always been one of the Group's goals. The Board and the management of the Company are committed to maintaining high standards of corporate governance practices and procedures in order to safeguard the interests of the Company and its shareholders. The Company believes that good corporate governance provides the essential framework for effective management, successful operation, business growth and a sound corporate culture, thereby leading to the enhancement of shareholders' value.

The Board has adopted as basis of its corporate governance practices the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. The Company has complied with the code provisions of the CG Code throughout the year ended 31 March 2018. The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that the business activities and decision making processes are regulated in a proper and prudent manner. In accordance with the requirements of the GEM Listing Rules, the Company has established an audit committee, a remuneration committee, a nomination committee and a risk management committee with specific terms of reference.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the standard 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 had made specific enquiries with all Directors, and all Directors confirmed that they have complied with the required standard of dealings set out in the Code of Conduct throughout the year ended 31 March 2018 and up to the date of this report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. The roles of the chairman and the chief executive officer of the Company are segregated and performed by Mr. Wong Chong Shing and Mr. Wong Man Sing, respectively.

Mr. Wong Chong Shing serves as the chairman of the Company and is responsible for formulating the overall business development strategy, overseeing the overall management and making major business decisions of our Group. Mr. Wong Man Sing serves as the chief executive officer of the Company and is responsible for supervising the general management and day-to-day operation of our Group.

BOARD OF DIRECTORS

The Board comprises:

Executive Directors:	Mr. Wong Chong Shing *(Chairman)* Mr. Wong Man Sing *(Chief Executive Officer)* Mr. Wong Chi Ho Mr. Chan Shing Yi, Jacky *(resigned on 18 September 2017)*
Independent Non-Executive Directors:	Mr. Lee Pak Chung Mr. Au-Yeung Tin Wah Mr. Chiu Ka Wai

For the biographical details of the Directors and senior management, please refer to pages 15 to 18 of this report.

THE INDEPENDENT NON-EXECUTIVE DIRECTORS

As required by Rules 5.05A and 5.05(1) of the GEM Listing Rules, there were 3 independent non-executive Directors during the year ended 31 March 2018 (representing not less than one-third of the Board). Furthermore, the Company complied with Rule 5.05(2) of the GEM Listing Rules as at least one of the independent non-executive Directors possesses the appropriate professional qualifications or accounting or related financial management expertise.

Pursuant to Rule 5.09 of the GEM Listing Rules, each independent non-executive Director has provided the Company with a written confirmation of his independence. Based on such confirmations, the Company considers the independent non-executive Directors, namely Mr. Lee Pak Chung, Mr. Au-Yeung Tin Wah and Mr. Chiu Ka Wai to be independent.

BOARD AND GENERAL MEETINGS

Pursuant to the code provision A.1.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year. Additional meetings would be arranged if and when required. Directors may participate either in person or through electronic means of communications. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions.

During the year ended 31 March 2018, the Company held 22 board meetings. The attendance of each Director at the board meetings and annual general meeting are set out as follows:

	Attendance/Number of meetings eligible to attend	
Name of Directors	**Board meeting**	**Annual general meeting**
Executive Directors		
Mr. Wong Chong Shing *(Chairman)*	18/22	1/1
Mr. Wong Man Sing *(Chief Executive Officer)*	16/22	1/1
Mr. Wong Chi Ho	14/22	1/1
Mr. Chan Shing Yi, Jacky *(resigned on 18 September 2017)*	7/22	1/1
Independent non-executive Directors		
Mr. Lee Pak Chung	22/22	1/1
Mr. Au-Yeung Tin Wah	16/22	1/1
Mr. Chiu Ka Wai	17/22	1/1

RESPONSIBILITIES OF THE BOARD

Being the highest decision-making body of the Company, the Board is responsible for the leadership and control of the Company. While overseeing the business of the Group, the Board directs, supervises and oversees the Group's affairs. The Board assumes responsibility for the Group's overall strategic planning, corporate policy formulation, business development, material acquisitions, disposals and capital investment, risk management, internal control, and other major operational and financial matters. The Board has delegated authority and responsibility to the senior management in relation to the day-to-day operations, management and administration of the Group. Key matters will remain as the responsibility of the Board whose approval will be required. In addition, the Board has also delegated responsibilities to various management committees. Details of such committees are set out in this corporate governance report.

RELATIONSHIP BETWEEN THE DIRECTORS

Mr. Wong Chong Shing is the younger brother of Mr. Wong Man Sing and the uncle of Mr. Wong Chi Ho who is the son of Mr. Wong Man Sing.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

The Articles of Association of the Company stipulate that at every annual general meeting, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to, but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement by rotation at least once every three years.

In the forthcoming annual general meeting ("**AGM**") of the Company, Mr. Wong Man Sing and Mr. Au-Yeung Tin Wah will retire from their offices as Directors and offer themselves for re-election as the Directors.

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing on 20 March 2017, which shall be renewable automatically for successive terms of three years unless terminated by either party by giving at least three months' prior notice in writing to the other party.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three years commencing on 20 March 2017 ("**Three-Year Term**"), which shall continue and remain in effect for and throughout the duration of the Three-Year Term unless and until terminated by either party giving to the other not less than three months' prior notice in writing. Such an appointment shall continue upon the expiry of the Three-Year Term on a yearly basis up to a maximum of three years subject to termination by either party giving to the other one month's prior notice in writing or the Director ceasing to be a director of the Company for any reason whatsoever at any particular time.

CONTINUOUS PROFESSIONAL DEVELOPMENT

Our Group acknowledges the importance of continuing professional development of the Directors in enhancing the Group's corporate governance and internal control system. In this regard and in compliance with code provision A.6.5 of the CG Code, our Group has arranged for and provided funding to all Directors to participate in continuous professional development training and seminars to keep them refreshed of their knowledge and skills, as well as their understanding of our Group and its business, and to update them on the latest development or changes in the relevant statutes and regulations, the GEM Listing Rules and corporate governance practices.

Pursuant to code provision A.6.5 of the CG Code, during the year ended 31 March 2018, all Directors had participated in the following continuous professional development training:

Name of Directors	Attending training on the roles, functions and duties of a listed company director	Reading materials concerning directors' duties and corporate governance, and the relevant laws, rules and regulations
Executive Directors		
Mr. Wong Chong Shing *(Chairman)*	✓	✓
Mr. Wong Man Sing *(Chief Executive Officer)*	✓	✓
Mr. Wong Chi Ho	✓	✓
Mr. Chan Shing Yi, Jacky *(resigned on 18 September 2017)*	✓	✓
Independent non-executive Directors		
Mr. Lee Pak Chung	✓	✓
Mr. Au-Yeung Tin Wah	✓	✓
Mr. Chiu Ka Wai	✓	✓

BOARD COMMITTEES

Our Group has established four committees, namely the audit committee, the remuneration committee, the nomination committee and the risk management committee in compliance with the GEM Listing Rules in order to assist the Board to discharge its duties. The relevant terms of reference of each of the four committees can be found on our Group's website (www.manshing.com.hk) and the website of the Stock Exchange.

AUDIT COMMITTEE

An audit committee has been established 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 Wah, 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 audit committee is to assist the Board in fulfilling its responsibilities by providing independent review and supervision of our Group's financial reporting process, and assessing the effectiveness of the internal control system of our Group, and the adequacy of the external and internal audits.

With reference to the terms of reference, the primary responsibilities of the audit committee are, among others, as follows:

(a) to be primarily responsible for reviewing and supervising the financial reporting process, including to understand the accounting policies and practices applied by our Group;

(b) to make recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve and review the remuneration and terms of engagement of the external auditors;

(c) to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(d) to monitor the integrity of our Group's financial statements and annual report and accounts, half-year report and quarterly reports, and to review significant financial reporting judgments contained in them; and

(e) to discuss the internal control system with the management of our Group to ensure that the management has performed its duty to have an effective internal control system.

During the year ended 31 March 2018, four audit committee meetings were held to review and comment on the Group's draft annual, interim and quarterly financial reports. The audit committee also held meetings with the external auditors and provided advices and recommendations to the Board.

There was no disagreement between the Board and the audit committee regarding the selection and appointment of the external auditors during the year ended 31 March 2018.

The attendance record of the members of the audit committee is summarised below:

Name of Directors	Attendance/ Number of audit committee meetings held
Mr. Lee Pak Chung	4/4
Mr. Au-Yeung Tin Wah	4/4
Mr. Chiu Ka Wai	3/4

REMUNERATION COMMITTEE

A remuneration committee has been established with its terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and paragraph B.1.2 of the CG Code. The remuneration committee consists of three members, namely Mr. Wong Man Sing, executive Director and chief executive officer, Mr. Chiu Ka Wai, and Mr. Lee Pak Chung, both independent non-executive Directors. Mr. Chiu Ka Wai currently serves as the chairman of the remuneration committee.

The remuneration committee has adopted the approach under paragraph B.1.2(c)(ii) of the CG Code to make recommendations on the remuneration policy and packages of individual executive Directors and senior management of our Group. With reference to the terms of reference of the remuneration committee, its primary duties are, among others, as follows:

(a) to make recommendations to the Board on our Group's policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the remuneration policy;

(b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(c) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management of our Group;

(d) to make recommendations to the Board on the remuneration of non-executive Directors;

(e) to review and approve compensation payable to executive Directors and senior management of our Group for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and

(f) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

The remuneration committee also considers the performance bonus for executive Directors, senior management and general staff, having regard to their achievements against the performance criteria and by reference to market norms, and make recommendations to the Board.

During the year ended 31 March 2018, the remuneration committee held one meeting. It reviewed the remuneration policy of the Company through assessing (i) the performance of the executive Directors and senior management with reference to their relevant responsibilities; (ii) the scope of operation of the Group; and (iii) the prevailing market conditions.

Name of Directors	Attendance/ Number of remuneration committee meetings held
Mr. Wong Man Sing	1/1
Mr. Chiu Ka Wai	1/1
Mr. Lee Pak Chung	1/1

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to code provision B.1.5 of the CG Code, the remuneration of members of the senior management of the Group for the year ended 31 March 2018 by band is as follows:

	Number of Individuals
NIL TO HK$ 1,000,000	2
HK$1,000,001 to HK$1,500,000	2

Further particulars in relation to Directors' remuneration and the five highest paid individuals are set out in note 10(a) and 10(b) to the consolidated financial statements respectively.

NOMINATION COMMITTEE

A nomination committee has been established with its terms of reference in compliance with paragraph A.5.2 of the CG Code. The nomination committee of our Group comprises Mr. Wong Chong Shing, executive Director and chairman of the Board, Mr. Lee Pak Chung and Mr. Chiu Ka Wai, both independent non-executive Directors. Mr. Wong Chong Shing currently serves as the chairman of the nomination committee.

The nomination committee is obliged to report to the Board on its decisions or recommendations on the appointment, reappointment and succession planning for Directors. It is responsible for reviewing the structure, size and composition of the Board, identifying suitable candidates for directorship, and assessing the independence of independent non-executive Directors.

The nomination committee recognises the importance and benefits of diversity of Board members. The Board adopted the board diversity policy in order to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company's business. In designing the Board's composition, board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, qualifications, business and professional experience, skills, knowledge, length of service, commitment, and ability to contribute to the Board process. The board diversity policy is reviewed annually by the nomination committee, and where appropriate, revisions will be made with the approval from the Board.

When it is necessary to fill a casual vacancy or appoint an additional director, the nomination committee will seek input from the Board members for potential candidates for serving on the Board. The nomination committee will then evaluate the potential candidate(s) based on a list of criteria, including but not limited to their skills, professional qualifications and work experience, to determine whether such candidate is qualified for directorship.

If more than one candidate is considered desirable during such process, the nomination committee will rank them by order of preference based on the respective expertise, skills, experience, professional qualifications of each candidate and make recommendations for the Board members to consider.

During the year ended 31 March 2018, the nomination committee of the Company held 2 meetings and has reviewed the structure, size and composition of the Board.

Name of Directors	**Attendance/ Number of nomination committee meetings held**
Mr. Wong Chong Shing	2/2
Mr. Lee Pak Chung	2/2
Mr. Chiu Ka Wai	2/2

RISK MANAGEMENT COMMITTEE

A risk management committee has been established with its terms of reference in compliance with paragraph C.2.1 of the CG Code. The risk management committee of our Group comprises Mr. Wong Chong Shing, executive Director and chairman of the Board, Mr. Lee Pak Chung and Mr. Au-Yeung Tin Wah, both independent non-executive Directors. Mr. Wong Chong Shing currently serves as the chairman of the risk management committee.

The risk management committee is required to report to the Board its findings, decisions and/or recommendations concerning the Company's risk management. With regard to its terms of reference, the risk management committee has, among others, the following duties:

(a) to review the Company's risk management policies and standard, as well as the fundamental concepts and scope of compliance management;

(b) to provide guidelines to the management on risk management and set up procedures to identify, assess and manage material risk factors, and to ensure the management discharges its responsibility in establishing and maintaining an appropriate and effective risk management system;

(c) to supervise and monitor the Company's exposure to legal sanction risks and the design and implementation of the related internal control policies and procedures adopted by the Company;

(d) to review, evaluate and update from time to time the internal control policies and measures in respect of the control procedures of risks, including risk management and the communication and cooperation with the operating units;

(e) to review the compliance reports and risk assessment reports that need to be reviewed by the Board, and to make recommendations on improvement of the Company's compliance and risk management;

(f) to evaluate and advise on the nature and extent of risks involved in major decisions that need to be reviewed by the Board and solutions to the major risks;

(g) to evaluate the risks of major investment and funding projects and issues concerning the operation of capital, and to advise the Board on the decision making;

(h) to review and approve all relevant business transaction documentation from customers or potential customers from countries subject to certain economic sanctions under the laws of the United States of America, the European Union, Australia and the United Nations; and

(i) to review and report annually to the Board the effectiveness of the risk management system.

During the Year, the risk management committee has reviewed internal risk management policies for the Group in respect of various areas, such as operational risks and labour shortage. Further, it reviewed the internal control report prepared by SHINEWING Risk Services Limited, the internal control consultant engaged by the Company (the "**Internal Control Consultant**"), which identified the risks of the Group for the year ended 31 March 2018. The risk management committee also proposed remedial measures to the Board based on such findings.

Name of Directors	Attendance/ Number of risk management committee meetings held
Mr. Wong Chong Shing	1/1
Mr. Lee Pak Chung	1/1
Mr. Au-Yeung Tin Wah	1/1

INSIDE INFORMATION

The Board has adopted appropriate measures to identify inside information. The Board preserves the confidentiality of such information until proper dissemination through the electronic publication system operated by the Stock Exchange.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group acknowledges its responsibility for monitoring the effectiveness of our Group's internal control and risk management systems, which are designed to provide reasonable but not absolute assurance against material misstatement of management, financial information and records or against financial losses or fraud.

Our Group has in place effective internal control and risk management systems which encompass sound control environment, appropriate segregation of duties, well defined policies and procedures, and close monitoring, and they are reviewed and enhanced by the management every two months. Each review covers a 12-month rolling period.

Risk management approach

The Group strives to identify and assess the key risks faced by the Group. Risks are assessed by the Group based on the following criteria:

- The likelihood of the occurrence of the risk; and
- The impact of the risk on the Group's financial results.

Based on the risk evaluation, the Group will manage a risk through the following means:

- Risk elimination: the Group may identify and implement certain changes or control to avert or eliminate the risk entirely;

- Risk mitigation: the Group may formulate and implement a risk mitigation plan to reduce the likelihood, velocity or severity of the risk to an acceptable level; and

- Risk retention: the Group may determine that the risk is acceptable to the Group and no action is required. The risk will then be closely monitored to ensure that the level of risk will not increase to an unacceptable level.

The Group focused its efforts on managing the following risks:

(i) Credit risk

We are exposed to credit risk when granting credit to our customers for engaging our cleaning and/or other related professional services.

To manage our credit risk, we would perform a credit risk analysis when we accept any new customers. We would assess the credit worthiness of a new customer through conducting company search and gathering market information. This is to determine the customers' net worth and income, and to evaluate their risk profile by understanding their business nature and financial performance. Generally, we do not independently obtain credit information from third parties (such as obtaining credit reports on our customers).

(ii) Business and operational risk

The Company is also exposed to business and operational risks. To manage such risks, we have formulated operational procedures and implemented initiatives which include:

- Checking and recalculating repayment schedule when our newly acquired specialized vehicles are pledged on loan financing;

- Adopting the staff handbook which enlisted our company's requirements on employees' code of conduct and contained internal reporting guidelines to report employee misconduct, fraud and other suspicious activities (if any);

- Adopting information security guidelines to (i) prevent unauthorised access to our information system; and (ii) reduce the operational risks caused by information technology system failures through maintaining a systematic data backup; and

- Strengthening our supervision on anti-money laundering through the verification of identity, record keeping, reporting of suspicious transactions, staff education and training.

(iii) ***Liquidity risk***

The Group has set up a liquidity risk management framework in order to manage our liquidity position from time to time. The Group's policy is to maintain sufficient cash liquidity to meet our current operational needs, such as the settlement of purchases of materials, wages and salaries, and office rental expenses. Besides, the Group will maintain an adequate cash buffer to meet the working capital requirements for our business operations for the coming months.

We review the recoverability of our trade receivables on a weekly basis to ensure that each existing client makes their payments within the relevant credit period, thereby maintaining an adequate cash inflow to meet our debt obligations. Also, through obtaining external financing (such as banking facilities granted by our bankers), we are shoring up cash reserves for any future business expansion.

For the year ended 31 March 2018, the Group did not experience any shortfall in cash in satisfying the abovementioned liquidity needs.

Internal control effectiveness

Our Group has established the risk management committee and is committed to upholding good corporate governance practice and internal control system.

In addition, the Group has engaged the Internal Control Consultant to evaluate the effectiveness and adequacy of its risk management and internal control functions for the year ended 31 March 2018. Throughout the whole year, the Internal Control Consultant has conducted interviews with the key management of the Company, reviewed the internal control manual and related documents and performed site visits to understand the Group's risk management and internal control system. The findings have been summarised and submitted to the Group's risk management committee and audit committee for review. The Board considers that the Group has an adequate and effective risk management and internal control system. During the year, no significant areas of concern which might affect the shareholders were identified.

AUDITORS' REMUNERATION

The amount of fees charged by the external auditors generally depends on the scope and volume of work performed by the external auditors.

For the year ended 31 March 2018, the remuneration paid or payable to the external auditors of the Company in respect of the audit services and non-audit services provided to our Group are as follows:

Services rendered	**Fees paid/payable HK$'000**
Audit services	700
Non-audit services	471
Total fees paid/payable	1,171

COMPANY SECRETARY

Mr. Li Kin Hing resigned as the company secretary of the Company on 15 May 2017. Following the resignation of Mr. Li, the Company appointed Mr. Chan Shiu Kwong, Stephen as its company secretary with effect from 15 May 2017 in accordance with Rule 5.14 of the GEM Listing Rules and paragraph F.1.1 of the CG Code. Please refer to the section headed "Biographical Details of Directors and Senior Management" in this annual report for the biographical information of Mr. Chan Shiu Kwong, Stephen.

COMPLIANCE OFFICER

Mr. Wong Chong Shing, an executive Director and the chairman of the Board of our Group, is the compliance officer of the Company. Please refer to the section "Biographical Details of Directors and Senior Management" in this annual report for his biographical information.

DIRECTORS' AND AUDITORS' RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of our Group which can give a true and fair view of the state of affairs, results and cash flows of our Group and which are in compliance with the relevant accounting standards and principles, applicable laws and disclosure requirements under the GEM Listing Rules. As at 31 March 2018, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon our Group's ability to continue as a going concern.

The responsibility of the external auditors is to form an independent opinion, based on their audit, on the consolidated financial statements prepared by the Board and to report their opinion to the shareholders of the Company. The statement by the external auditors of the Company regarding their reporting responsibility on the consolidated financial statements of our Group is set out in the independent auditors' report on pages 60 to 64 of this report.

ANNUAL GENERAL MEETING

The AGM of the Company is scheduled to be held on Tuesday, 7 August 2018, the notice of which shall be sent to the shareholders in accordance with the Articles of Association of the Company, the GEM Listing Rules and other applicable laws and regulations. At the AGM, the Directors will attend to questions raised by the shareholders. The external auditors of the Company will also be invited to be present at the AGM to assist the Directors to address the queries of the shareholders concerning the audit procedures and the auditors' report.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING AND PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

The following procedures for the shareholders of the Company to convene an extraordinary general meeting are subject to Article 12 of the Articles of Association of the Company, and the applicable laws and regulations, in particular the GEM Listing Rules:

The Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any two or more members deposited at the principal office of the Company in Hong Kong, specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at general meetings of the Company.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Shareholders who wish to put forward proposals may request the Company to convene a general meeting following the procedures as set out in the preceding paragraph.

Shareholders have the right to lodge enquires to the Board directly. They should provide their enquiries in writing together with their full name, contact details and identification, and send them by post to the principal place of business of the Company in Hong Kong or by email for the attention of the company secretary. The business address and the email address of the Company are set out below.

Business address:	Unit 10, 11/F., Trans Asia Centre 18 Kin Hong Street Kwai Chung, New Territories Hong Kong
Email address:	info@manshing.com.hk

INVESTOR AND SHAREHOLDERS RELATIONS

With a view to strengthening investor relations, the Company endeavours to foster openness and transparency. Thus, the Company has established various communication channels to ensure ready and timely disclosure of corporate information to its shareholders and potential investors. The Company keeps its shareholders abreast of its financial performance and recent business developments through its annual reports, quarterly and interim reports, periodic announcements and circulars, which are available on the Company's website "www.manshing.com.hk" and the GEM website "www.hkgem.com". Corporate information is also available on the Company's website. Furthermore, the AGM and other general meetings offer an opportunity for the Board and the shareholders of the Company to communicate directly and exchange views concerning the affairs and the overall performance of our Group, and its future developments.

The latest version of the Company's Memorandum and Articles of Association can be downloaded from the website of the Company or the Stock Exchange website. During the year ended 31 March 2018, there was no significant changes in the Company's constitutional documents.

The Company will continue to improve the communication with its shareholders and investors, and to provide them with more opportunities to understand the business of the Company.

Directors' Report

The Directors of the Company is pleased to present the Directors' report and the audited consolidated financial statements of the Group for the year ended 31 March 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The activities of the Company's subsidiaries are set out in note 35 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's performance by principal activities and geographical locations of operations for the year ended 31 March 2018 is set out in note 5 to the consolidated financial statements.

RESULTS

The financial performance of the Group for the year ended 31 March 2018 and financial position of the Group as at 31 March 2018 are set out in the consolidated financial statements on pages 65 to 66 of this annual report.

DIVIDEND

The Directors of the Company do not recommend the payment of any dividend in respect of the year ended 31 March 2018.

BUSINESS REVIEW

The business review of the Group for the year ended 31 March 2018 is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on page 4, and from pages 5 to 14, respectively.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to promoting the long term sustainability of the environment and communities in which it engages. The Group strives to promote environmental protection and minimize the impact of our operation and services on the environment. The Group has adopted measures to fufill our environmental objectives in the course of our business operation and services. The Group implements measures for environmental protection such as using biodegradable trash bags, using environmentally friendly detergents and cleaning chemicals, and reducing the use of environmentally harmful pesticides and repellents.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year ended 31 March 2018 and up to the date of this annual report, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. To the best of the Group's information and knowledge, there was no material non-compliance or breach of any applicable laws including but not limited to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), rules governing the listing of securities on GEM of the Stock Exchange of Hong Kong Limited, the Securities and Future Ordinance (Cap. 371 of the Laws of Hong Kong) (the "**SFO**") and regulations by the Group that have a significant impact on the Group's business and operations for the year ended 31 March 2018 and up to the date of this annual report.

RELATIONSHIPS WITH OUR EMPLOYEES AND OTHER STAKEHOLDERS

The Group believes that the sustainability of our business growth depends on the capability and loyalty of our employees. The Group recruits our staff on employment terms which are in compliance with applicable laws and regulations in Hong Kong. The Group focuses on attracting and retaining our qualified employees by paying our employees above the minimum wage and offering extensive training programmes to enhance the knowledge and skill sets of our staff with respect to workplace safety and service quality. The Group maintains good working relationship, and has no material dispute, with our employees.

The Group also understands the importance of maintaining good and long-term relationship with our business partners such as suppliers and customers. Accordingly, our management has maintained good communication and exchanged ideas and shared business update with our business partners whenever appropriate. During the year ended 31 March 2018, the Group has no material dispute with our business partners.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any civil or criminal proceedings in which judgment is given in his favour, or in which he is acquitted. The aforesaid provision was in force for the benefit of the Directors throughout the Reporting Period.

The Company has taken out and maintained Directors' liability insurance throughout the year ended 31 March 2018, which provides appropriate cover for the Directors.

DONATIONS

Charitable and other donations made by the Group during the year ended 31 March 2018 amounted to approximately HK$17,000.

KEY RISK AND ITS MANAGEMENT

The Group is principally engaged in the provision of environmental cleaning solutions in Hong Kong.

Key Risk

(1) Business Risk

Our revenue and profit margin are particularly susceptible to factors including the increase in direct labour costs, third-party labour costs, finance costs and bad debts which would erode the low net profit margin of our business. Where the increase in cost of sales cannot be passed on to our customers, we may have to absorb such costs which could have adverse effect on our business.

We derive most of our revenue from contracts awarded through competitive tendering. There is no guarantee that we can continue to secure new tender contracts to maintain or expand our business.

Most of our revenue had been derived from tender contracts. Our customers may in general terminate tender contracts by serving seven to thirty days' written notice to us in the event of non-compliance with any provision in tender contracts. Furthermore, we may be required to lower our service fee(s) in order to offer more competitive tender proposal(s) and any failure to reduce our costs accordingly may result in downward pressure on our profit margins.

Another risk exposure is that we derive a significant percentage of our revenue from our major customers, and in particular, from the Government of Hong Kong. Any decrease or loss of business from any of our major customers could have a negative impact on our business and financial condition.

If any of our major customers were to substantially reduce the volume and/or value of services procured from us, we may not be able to obtain business from other customers to replace any such loss of revenue on comparable level, or at all.

(2) Financial Risk

The Group adopts financial risk management policy to manage its interest rate risk, currency risk, credit risk and liquidity risk. The Board reviews monthly management and accounting report, capital structure and other key ratio analysis supported by all essence of operating data within the Group. The Group actively and regularly reviews these risks and will adopt measures, if needed, to control and mitigate these risks.

(3) Compliance Risk

The Board adopts procedures to avoid the Group from running any risk of undermining our compliance with the applicable law, rules and regulation. The Group engages consultants and professional advisers to keep us abreast of the latest development in regulatory regime including but not limited to legal, financial, environmental, labour and insurance and operational developments.

Also, the Board incessantly reviews our policy in prohibiting any unauthorised use or dissemination of confidential and/or inside information.

(4) Operational Risk

The Group has strengthened its procedures to measure its operational risks such as inappropriate material procurement, inefficiencies of manpower, plant and equipment utilisation. On a continuous basis, the Board has reviewed the effectiveness of the Group's internal control and risk management systems in order to ensure such systems are efficient and effective and reduce the operational risks exposure.

MAJOR PROJECTS AND EVENTS

Details regarding major projects undertaken by the Group and major events that have taken place during the year ended 31 March 2018 are incorporated under the section headed "Management Discussion and Analysis" as set out on pages 5 to 14 of this annual report.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2018 are set out in note 35 to the consolidated financial statements.

THREE-YEAR FINANCIAL SUMMARY

A summary of the published results of the Group for the past three financial years is set out on page 3 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in plant and equipment of the Group are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital during the year ended 31 March 2018 are set out in note 23 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "Share Option Scheme" of this annual report, no equity-linked agreements that will or may result in the Company issuing shares nor require the Company to enter into an agreement that will or may result in the Company issuing shares was entered into by the Company during the year ended 31 March 2018.

SHARE OPTION SCHEME

Particulars of the Company's share option scheme are set out in note 30 to the consolidated financial statements.

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.

The following is a summary of the principal terms of the Share Option Scheme are as follows:

1. Purpose of the Share Option Scheme

   The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

2. Who may join

   Any employee, director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group.

3. Maximum number of Shares

   The maximum number of Shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 10% of all the Shares in issue following completion of the upon listing date (13 April 2017) i.e. 60,000,000 Shares.

4. Basis of determining the exercise price

   The subscription price shall be a price solely determined by our Board and shall be at least the higher of:

   (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day;

   (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and

   (iii) the nominal values of a Share on the date of grant of the option.

5. Maximum entitlement of each participant

   The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share.

6.	Time of acceptance	An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made.
7.	The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid	The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1.00.
8.	The minimum period for which an option must be held before it can be exercised	An option shall not be transferable or assignable and shall be personal to the grantee of the option.
9.	Rights are personal to grantee	An option shall not be transferable or assignable and shall be personal to the grantee of the option.
10.	The remaining life of the scheme	The Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption, i.e. 20 March 2017, and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by Shareholders in general meeting.

Since the adoption of the Share Option Scheme and up to the date of this annual report, no share options have been granted under the Share Option Scheme.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to its existing Shareholders.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as otherwise disclosed in the section headed "Directors' and Chief Executive's Interest in Securities and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this annual report below, at no time during the year ended 31 March 2018 was the Group, a party to any arrangement that would enable the Directors or Chief Executive to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under 18 years of age, were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

DISCLOSURE OF INTERESTS

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

As at 31 March 2018, the interests and short positions of the Directors and the Chief Executive of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were recorded in the register required to be kept pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long Position in the Shares

Directors	Capacity/Nature	Number of ordinary Shares	Percentage of interest
Mr. Wong Chong Shing ("**Mr. C.S. Wong**) *(Note 1, 2)*	Interest in controlled corporation; interest in persons acting in concert	369,000,000	61.50%
Mr. Wong Man Sing ("**Mr. M.S. Wong**") *(Note 1, 3)*	Interest in controlled corporation; interest in persons acting in concert	369,000,000	61.50%
Mr. Wong Chi Ho ("**Mr. C.H. Wong**") *(Note 1, 4)*	Interest in controlled corporation; interest in persons acting in concert	369,000,000	61.50%

Notes:

1. 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 the Shares which are interested by each other.

2. 369,000,000 Shares in the Company in which Mr. C.S. Wong is interested consist of 175,500,000 Shares held by Man Shing Global Limited, a company wholly owned by Mr. C.S. Wong, and which Mr. C.S. Wong is deemed to be interested for the purpose of the SFO; and (ii) 193,500,000 Shares in which Mr. C.S. Wong is deemed to be interested as a result of being a party acting in concert with Mr. M.S. Wong and Mr. C.H. Wong. Mr. C.S. Wong is the younger brother of Mr. M.S. Wong and the uncle of Mr. C.H. Wong.

3. 369,000,000 Shares in the Company in which Mr. M.S. Wong is interested consist of (i) 175,500,000 Shares held by Lik Hang Investment Company Limited, a company wholly owned by Mr. M.S. Wong, and which Mr. M.S. Wong is deemed to be interested for the purpose of the SFO; and (ii) 193,500,000 Shares in which Mr. M.S. Wong is deemed to be interested as a result of being a party acting in concert with Mr. C.S. Wong and Mr. C.H. Wong. Mr. M.S. Wong is the elder brother of Mr. C.S. Wong and the father of Mr. C.H. Wong.

4. 369,000,000 Shares in the Company in which Mr. C.H. Wong is interested consist of (i) 18,000,000 Shares held by Chun Shing Investment Limited, a company wholly owned by Mr. C.H. Wong, and which Mr. C.H. Wong is deemed to be interested for the purpose of the SFO; and (ii) 351,000,000 Shares in which Mr. C.H. Wong is deemed to be interested as a result of being a party acting in concert with Mr. M.S. Wong and Mr. C.S. Wong. Mr. C.H. Wong is the son of Mr. M.S. Wong and the nephew of Mr. C.S. Wong.

Save as disclosed above, as at 31 March 2018, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying share or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required 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 taken or deemed to have taken under such provisions of the SFO), or required to be 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 March 2018, 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 in the Shares

Name of Shareholders	Capacity/Nature	Number of ordinary Shares	Percentage of interest
Man Shing Global Limited *(Note 1)*	Beneficial owner	175,500,000	29.25%
Ms. Tang Duc Ngan *(Note 2)*	Interest of spouse	369,000,000	61.50%
Lik Hang Investment Company Limited *(Note 3)*	Beneficial owner	175,500,000	29.25%
Ms. Wong Lai Man *(Note 4)*	Interest of spouse	369,000,000	61.50%
Chun Shing Investment Limited *(Note 5)*	Beneficial owner	18,000,000	3.00%
Ms. Wan Wing Ting *(Note 6)*	Interest of spouse	369,000,000	61.50%

Notes:

1. 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 shares in which Man Shing Global Limited is interested for the purpose of the SFO.

2. Ms. Tang Duc Ngan, who is the spouse of Mr. C.S. Wong, is deemed to be interested in all 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 Shares in which Lik Hang Investment Company Limited is interested for the purpose of the SFO.

4. Ms. Wong Lai Man, who is the spouse of Mr. M.S. Wong, is deemed to be interested in all Shares in which Mr. M.S. Wong is interested.

5. Chun Shing Investment Limited is a company wholly owned by Mr. C.H. Wong, our executive Director. Accordingly, Mr. C.H. Wong is deemed to be interested in all shares in which Chun Shing Investment Limited is interested for the purpose of the SFO.

6. Ms. Wan Wing Ting, who is the spouse of Mr. C.H. Wong, is deemed to be interested in all Shares in which Mr. C.H. Wong is interested.

Save as disclosed above, as at 31 March 2018, the Directors are not aware of any other persons (who are not Directors or chief executive of the Company) 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.

INTEREST OF COMPLIANCE ADVISER

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 13 April 2018, neither our compliance advisor nor its Directors, employees or close associates have 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.

CONTINUING CONNECTED TRANSACTIONS

During the Reporting Period, our Group had been renting our office at Units 10 and 11, 11/F, Trans Asia Centre, 18 Kin Hong Street, Kwai Chung, New Territories, Hong Kong (the "**Trans Asia Centre Properties**") from Mr. C.S. Wong. The tenancy agreements with regard to the Trans Asia Centre Properties were entered into by Man Shing Cleaning Service Company Limited and Jasen Services Limited as New Territories tenant, respectively. These transactions constituted continuing connected transactions under Chapter 20 of the GEM Listing Rules, and were exempt from the reporting, annual review, announcement, circular and independent shareholders' approval under the GEM Listing Rules.

Particulars of the terms of each of the tenancy agreements are set out below:

Tenancy Agreement

Tenancy Agreement A

On 31 May 2016, Mr. C.S. Wong as landlord and Man Shing Cleaning Service Company Limited as tenant entered into a tenancy agreement pursuant to which Mr. C.S. Wong agreed to lease Property A, with a total gross floor area of approximately 2,145 square feet, to Man Shing Cleaning Service Company Limited for a period of two years commencing from 1 June 2016 to 31 May 2018 at a monthly rental of HK$17,000 (excluding rent, rates and management fees). On 11 May 2018, Mr. C.S. Wong as landlord and Man Shing Cleaning Service Company Limited as tenant renewed a tenancy agreement pursuant to which Mr. C.S. Wong agreed to lease Property A to Man Shing Cleaning Service Company Limited for a period of two years commencing from 1 June 2018 to 31 May 2020 at a monthly rental of HK$20,000 (excluding rent, rates and management fees). Pursuant to the abovementioned tenancy agreements, Man Shing Cleaning Service Company Limited agreed to pay all rent, rates and management fees in respect of Property A. The monthly rental under the abovementioned tenancy agreements was determined on an arm's length basis between Mr. C.S. Wong and Man Shing Cleaning Service Company Limited. Upon reviewing the valuation report issued by the independent property valuer of the Group, our Directors are of the view that the increase in monthly rental of Property A pursuant to the tenancy agreement dated 11 May 2018 is in line with market trends.

Tenancy Agreement B

On 29 July 2017, Mr. C.S. Wong as landlord and Jasen Services Limited as tenant entered into a tenancy agreement pursuant to which Mr. C.S. Wong agreed to lease Property B with a total gross floor area of approximately 1,150 square feet to Jasen Services Limited, for a period of two years commencing from 1 August 2017 to 31 July 2019 at a monthly rental of HK$10,000 (excluding rent, rates and management fees). Pursuant to the abovementioned tenancy agreement, Jasen Services Limited agreed to pay all rent, rates and management fees in respect of Property B. The monthly rental under the abovementioned tenancy agreement was determined on an arm's length basis between Mr. C.S. Wong and Jasen Services Limited. Upon reviewing the valuation report issued by the independent property valuer of the Group, our Directors are of the view that monthly rental of Property B is in line with market trends.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 March 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

RESERVES

Details of movements in the reserves of the Company during the year ended 31 March 2018 are set out in consolidated financial statements. Details of movements in the reserves of the Group during the year ended 31 March 2018 are set out in the consolidated statement of changes in equity on page 67.

DISTRIBUTABLE RESERVES OF THE COMPANY

Details of movements during the year ended 31 March 2018 in the reserves and reserves available for distribution to the Company's shareholders of the Group and the Company are set out on page 110 of this report and in note 34 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the aggregate amount of purchases attributable to our Group's five largest suppliers represented approximately 3.8% of our Group's total purchases. The amount of purchases from our Group's largest supplier represented approximately 1.4% of our Group's total purchases.

Meanwhile, the aggregate amount of revenue attributable to our Group's five largest customers represented approximately 85.0% of our Group's total revenue. The amount of revenue from our Group's largest customer represented approximately 67.4% of our Group's total revenue.

None of the Directors nor any of their close associates nor any shareholders (which, to the best of the knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in our Group's five largest customers and/or five largest suppliers during the Reporting Period.

DIRECTORS

The Directors during the year ended 31 March 2018 and up to the date of this report were as follows:

Executive Directors:	Mr. Wong Chong Shing *(Chairman)* Mr. Wong Man Sing Mr. Wong Chi Ho Mr. Chan Shing Yi, Jacky (Resigned on 18 September 2017)
Independent non-executive Directors:	Mr. Lee Pak Chung Mr. Au-Yeung Tin Wah Mr. Chiu Ka Wai

For the biographical details of the Directors and other senior management, please refer to pages 15 to 18 of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date, which shall be renewable automatically for successive terms of three years unless terminated by either party by giving at least three months' prior notice in writing to the other party.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three years commencing from the Listing Date (the "**Three-Year Term**"), which shall continue and remain in effect for and throughout the duration of the Three-Year Term unless and until terminated by either party giving to the other not less than three months' prior notice in writing. Such an appointment shall continue upon the expiry of the Three-Year Term on a yearly basis up to a maximum of three years subject to termination by either party giving to the other one month's prior notice in writing or the Director ceasing to be a director of the Company for any reason whatsoever at any particular time.

Pursuant to the Articles of Association of the Company, Mr. Wong Man Sing and Mr. Au-Yeung Tin Wah will retire from their offices as Directors and offer themselves for re-election as the Directors in the forthcoming AGM of the Company.

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

None of the Directors nor the Controlling Shareholders of the Company had any 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 year ended 31 March 2018.

EMOLUMENT POLICY

The remuneration committee of the Company was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices. Details of the emoluments of the Directors and five highest paid individuals during the year ended 31 March 2018 are set out in note 10 to the consolidated financial statements.

BANK AND OTHER BORROWINGS

Details of bank and other borrowings of the Group are set out in note 20 to the consolidated financial statements.

AUDITORS

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

MANAGEMENT CONTRACTS

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company maintains the prescribed percentage of public float under the GEM Listing Rules.

CORPORATE GOVERNANCE

A report on the principal corporate governance practice adopted by the Company is set out in pages 19 to 32 of this annual report.

EVENTS AFTER THE REPORTING PERIOD

As aforementioned, Matrix, Mr. Tse and Kin Sang entered into a termination agreement on 6 April 2018 to terminate the MOU. Saved as disclosed herein, there is no significant event arising after the Reporting Period.

During the year, Man Shing continued to monitor our performance in three main areas to ensure our sustainability platform remains robust and solid. We also made significant progress towards the targets and plans set in previous years which include staff development and team building, supply chain management, community involvement and enhancements of electricity and water efficiency. Each of above targets and plans plays a critical role in the Group's sustainable development. Additionally, we continued to look for ways to overcome challenges in the cleansing industry such as labour shortages and food waste management. In the coming year, Man Shing will continue to strive to achieve "Quality Services" in our sustainability performance. In this Environmental, Social and Governance Report, a lively design with infographics has been adopted to disclose the Company's action and performance, so as to boost the confidence of the stakeholders in the Company and deepen their understanding about the Company. We hope you enjoy reading our report and look forward to hearing your views.

Wong Man Sing
Chief Executive Officer
26 June 2018

Man Shing presents this Environmental, Social and Governance ("**ESG**") Report (the "**ESG Report**") for the year ended 31 March 2018, in compliance with Appendix 20 – Environmental, Social and Governance ("**ESG**") Reporting Guide promulgated by the Stock Exchange, the content of which covers the Company's principal businesses in cleaning and pest management services in Hong Kong. The Board has the overall responsibility for the Company's ESG strategy and reporting. Our management is responsible for monitoring and managing ESG-related issues, risks and the effectiveness of the ESG management systems.

A. ENVIRONMENTAL PROTECTION

Man Shing is committed to strategically incorporating green elements into its business model and operations with a clear aim of conducting its businesses in the most environmental-friendly manner. Being a service company in the cleaning and pest management businesses, our services often rely on our large vehicle fleet and machineries. Man Shing is highly committed to controlling the air and greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste in our business operations while strictly abiding by all the relevant environmental laws and regulations. During the Reporting Period, Man Shing has not identified any material cases of non-compliance on environmental laws and regulations.

Mobile vehicles are our major sources of air pollutants emissions. Hence, Man Shing has incorporated the principle of reduction in vehicle emissions into our sustainable business practice. One of the measures adopted to reduce the environmental impact of vehicles is to select green vehicles. Environmental performance of vehicles is one of the critical factors in our selection of vehicles. Apart from selecting vehicles with higher fuel efficiency and fewer pollutants, Man Shing also strives to increase vehicles' fuel consumption efficiency by having qualified personnel to conduct regular maintenance and repair services.

The types of Man Shing's Vehicles Fleet are set forth as follows:

	2016 to 2017		**2017 to 2018**	
Type of Vehicle	(Euro III)	(Euro IV/V/VI)	**(Euro III)**	**(Euro IV/V/VI)**
Water Wagons	2	17	**0**	**17**
Vacuum Tankers	1	1	**1**	**1**
Hook-lift Trucks	0	3	**0**	**2**
Grab Lorries	0	8	**0**	**8**
Tail-lift Trucks	0	12	**0**	**9**
Tail-lift Tipper Trucks	0	4	**0**	**7**
Tipper Trucks	0	4	**0**	**2**
Light Goods Van	1	17	**1**	**17**
Refuse Compaction Vehicles	0	4	**0**	**0**
Lorries	0	3	**0**	**1**
Suction Sweeper	–	–	**0**	**1**
Highway Arrow Vehicles	–	–	**0**	**2**

Carbon Emissions of our Specialized Vehicles

Comparison between 2016-2017 and 2017-2018

	2016–2017	
Total Number of Vehicles	Fuel Consumption Per Year (Liter)	Carbon Emissions Per Year (Tonnes)
77	865,165	2,249.43

	2017–2018	
Total Number of Vehicles	**Fuel Consumption Per Year (Liter)**	**Carbon Emissions Per Year (Tonnes)**
69	**671,652**	**1,746.3**

It can be noted from the above data that over 97% (67 vehicles) of Man Shing's vehicles fleet are Euro IV/V/VI standard vehicles and we have been increasing the use of environmental-friendly models. With the adoption of Euro IV/V/VI standard vehicles, striking environmental benefits can be observed, including an 80% reduction in sulphur dioxide emissions and a 5% reduction in respiratory suspended particulates emissions.

In the financial year ended 31 March 2018, the fuel consumption was 671,652 liters while 1,746.3 tonnes of carbon emissions were generated. It indicates that Man Shing has kept its effort in reducing the carbon emissions (representing a total of 503.13 tonnes reduction when compared to last year's emission) arising from its business operations.

Our total carbon emissions during the Reporting Period is as follows:

– Direct emissions: 1,746.3 tCO2e

– Indirect emissions: 34 tCO2e

Apart from fuel consumption at work sites, another major source of resources consumption is at our office, including electricity, water and paper consumption. We are committed to reducing the carbon footprint consumed by daily office utilities, such as electricity used for lighting and air-conditioning, paper and water consumption, details of which can be found below.

In the past year, Man Shing has replaced its lighting systems in office by energy-saving lamps and light tubes. We promote the use of electronic communication to reduce unnecessary printing and encourage employees to reduce, reuse, and recycle paper in our daily office activities. Man Shing has turned to use FSC certified paper whenever possible, an effort of the Company in fulfilling its role as an environmentally friendly corporate. Furthermore, supervisors are also assigned to regularly review environmental performances of our operations.

FSC ©

The following table summarizes our resources consumption during the Reporting Period:

Types of Resources Consumption	2016–2017	2017–2018
Electricity Consumption	51,281 (Kilowatt)	**47,807 (Kilowatt)**
Water Consumption	32 (Cubic Meter)	**46 (Cubic Meter)**
Paper Consumption (A4 Paper)	910 A4 Paper (Packs of 500 sheets each)	**885 A4 Paper (Packs of 500 sheets each)**
Total Emissions	35.88 tonnes	**34 tonnes**

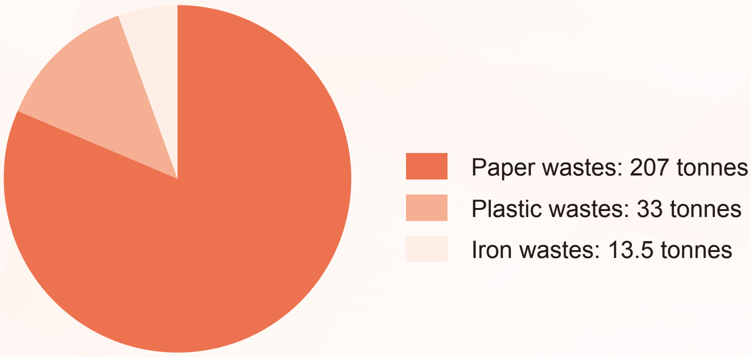
All of the water consumption is from the government's water supply and we have no issue in sourcing water that fits our need.

As shown from the above figure, Man Shing is proactive in measuring and controlling electricity and water usage for our services. We continue to use our best endeavour to improve the efficiency of resources usage in all aspects of our operations by introducing advanced technologies, regular maintenance of machinery and tools, adopting green practices in offices as well as employee education. Electricity consumption has been reduced by 3,474 kilowatt when compared to that of 2016–2017.

In 2017–2018, no material hazardous waste was produced while 253.50 tonnes of non-hazardous waste were produced. 207 tonnes of paper, 13.5 tonnes of iron steel wastes and 33 tonnes of plastic materials were collected and delivered to waste collectors/recyclers.

The following table shows the total quantity of recycled materials:

Recycled Materials



Owing to our business nature, no packaging materials were used and hence its related disclosure was not applicable.

Moreover, owing to our operation model and terms of contracts with clients, our electricity and water used for cleaning services are directly provided to and controlled by our clients. Therefore, their usage highly depends on external factors such as cleanliness of the street areas and specific requests of our clients. Having said that, Man Sing actively encourages and assists our clients to use no more than necessary electricity and water and in an eco-friendly manner.

B. CARING FOR EMPLOYEES

Man Shing believes that employees are the most valuable assets for supporting its business growth. We aim to create a harmonious working environment with cooperation and mutual respect, in order to enhance our employees' sense of belonging and to retain talents.

Employee Training and Development

Man Shing has incorporated employee development as one of the key components in its business development plan. Man Shing encourages and supports its employees in their continuous personal and professional training, through which both cooperate objects and employees' personal development can be achieved. The Company provides various training programmes, including in-house training programmes, seminars, workshops, conferences, peer learning, sharing sessions and on-job training to its employees.

The Company engaged professional consultants specialized in different areas to conduct those training programmes (for example, programmes in polishing stone floors and handling of hazardous materials). Apart from providing in-house training programmes, Man Shing also encourages employees to attend training programmes conducted by external organizers to boost individual quality, sharpen the workplace skills and enhance performance. During the Reporting Period, the Company had provided training in the areas of health, work-related skills and techniques, and work safety to our staff.

The following table summarizes our Employees' Training & Development hours

Employee Classification	Employees That Have Attended Training (%)		Average Training hours Per Staff	
	2016–2017	**2017–2018**	2016–2017	**2017–2018**
Senior Management	37.5%	**37.5%**	32.8 hours	**30 hours**
Middle Management	17%	**17%**	0.5 hours	**5 hours**
Front-line Staff	100%	**100%**	Less than 1 hour	**Less than 1 hour**

Notes: All new employees receive safety guides prepared by the Company to enhance their safety knowledge at workplace.

Overall Working Environment

Man Shing has developed its Human Resources Strategy to govern various areas including compensation, dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits.

The Company prides itself on being an employer that offers equal opportunity to all employees, regardless of their age, gender, race, sexual orientation, disability and marital status. The criteria for employing staff is solely based on their working ability, experience and performance. During the Reporting Period, the Company did not breach any relevant laws and regulations relating to employment, compensation, dismissal, equal opportunity, anti-discrimination and the prevention of child and forced labour.

All employees will be given a staff handbook immediately after joining us. The staff handbook, which every employee is required to read and follow carefully, sets out staff responsibility, integrity requirements, occupational safety guidelines, and guidelines for anti-discrimination and anti-harassment.

Recruitment, Promotion and Dismissal

In recruiting employees for the Group, candidates are assessed based on professional and academic qualifications and work experience. Promotion opportunities are provided to the Group's staff and are decided based on the Group's business needs and the staff's merits and performance. The Group will under no circumstances be influenced by an applicant's or an employee's gender, age, marital status, disability, religion beliefs and nationality when making the above decisions. Actions for termination of the contracts of employees are taken in accordance with the employment contracts signed with the relevant employees and the employment laws of Hong Kong.

Staff Welfare and Benefits

The Group makes an effort to ensure a safe and healthy workplace for all staff and provides a variety of staff welfare and benefits. In addition to statutory holidays and rest days, the Group provides annual leave, paid sick leave and other fringe benefits to the staff to cater for their personal needs.

Employee Turnover Rate

The average turnover rate for employees in this financial year was 6.48%. Employees aged 51 or above have a higher turnover rate, which is due to their retirement. Man Shing has adopted the policy to raise the retirement age as recommended by the Hong Kong government and to improve and strengthen its human resources strategy and talent retention policy. In order to more effective enhance the working enthusiasm and to retain talents, Man Shing provides its employees with an attractive remuneration package, which is determined based on the four principles, namely fairness, ability, competitiveness and timeliness.

Comparison of the Employee Turnover Rate between 2016–2017 and 2017–2018

	2016–2017	**2017–2018**
Average Employee Age	51	**51**
Turnover Rate	5.23%	**6.48%**

Comparison of the Employees' Age Distribution Comparison between 2016–2017 and 2017–2018

Age Group	No of Employee		Percentage %	
	2016–2017	**2017–2018**	2016–2017	**2017–2018**
30 or below	103	**89**	2.7%	**2.9%**
31 to 50	615	**465**	15.8%	**15.6%**
51 or above	3,175	**2,426**	81.5%	**81.4%**
	3,893	**2,980**		

Staff Profile

Man Shing places great importance to the work-life balance of its employees in order to reduce the employees' pressure and to enhance the Company's productivity. Man Shing's policy stipulates that the working hours of a full-time worker per day is eight. Therefore, policies have been implemented to engage part-time workers in order to ensure all employees have sufficient rest time.

The following table shows the number and proportion of full-time and part-time staff employed:

	2016–2017	**2017–2018**
Part-Time Employees	Less than 1%	**Less than 1%**
Full-Time Employees	More than 99%	**More than 99%**
Total number of Employees	3,893	**2,980**

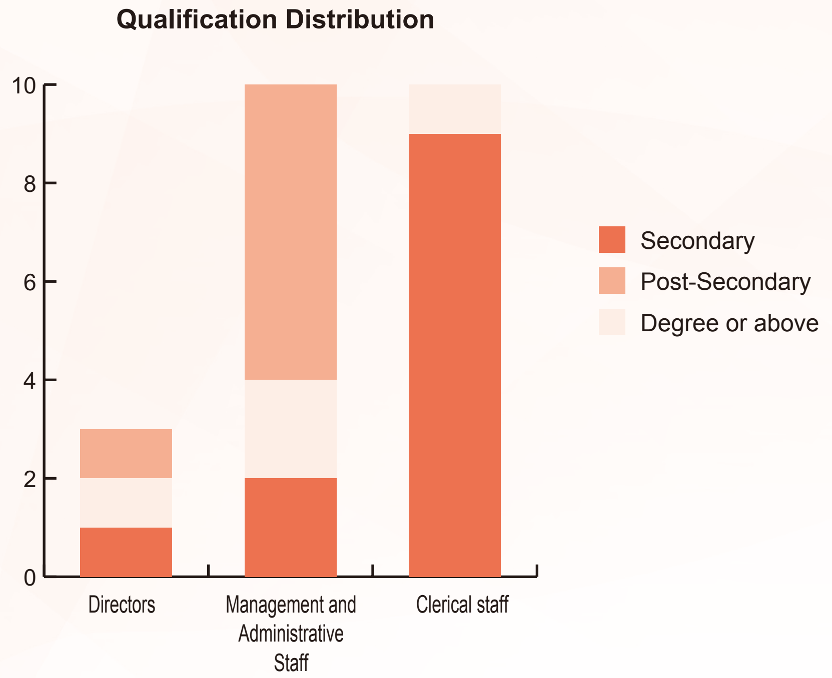
The following table shows the employees' gender distribution:

	2016–2017	**2017–2018**
Male Employees	1,549	**1,149**
Female Employees	2,344	**1,831**
Total number of Employees	3,893	**2,980**

The following table shows the employees distribution based on job classification:

	2016–2017	**2017–2018**
Office Staff	24	**22**
Front-line Technical Staff	21	**21**
Front-line non Technical staff	3,848	**2,937**
Total number of Employees	3,893	**2,980**

2017–2018 Office Staff Qualification Distribution



C. OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety is of top priority for Man Shing's operation. Our occupational health and safety management system is accredited with OHSAS 18001, the Occupational Health and Safety Assessment Series.

In addition, a Safety Manual has been established to increase employees' awareness of work safety issues. Every new employee will receive a series of occupational safety, health and environmental guidelines to help them understand the risks involved in the workplace and other important safety issues. In addition, we have also implemented a set of workplace safety measures to protect our employees. Employees are required to undergo training on how to operate relevant machines and tools before they can work on site. Supervisors are assigned to supervise the operations and to respond immediately in cases of emergency. Other activities, such as periodic safety training and fire and evacuation drills, are conducted in order to maintain and raise our employees' safety awareness. Employees are always encouraged to raise their opinions on safety procedures to the management. The following is a record of industrial accidents for the Company:

	2016–2017	**2017–2018**
Total No. of Work-related Accidents	127 cases	**95 cases**
Total No. of Working Days Involved	1,347,945 days	**1,087,700 days**
Total of Working Days Lost due to Work-related Accidents	4,276 days	**6,611 days**

Note: There were no work-related fatalities during the Reporting Period.

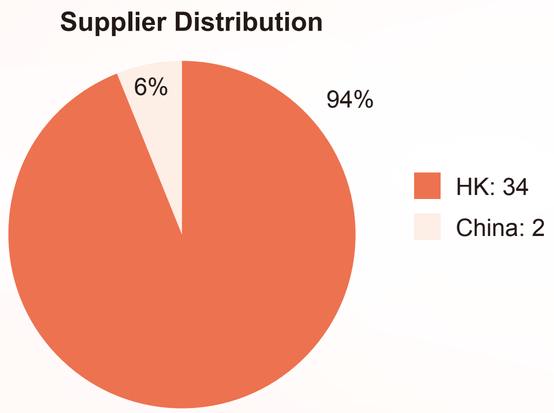
Furthermore, Man Shing conducts periodic risk assessments in order to identify, evaluate and mitigate any potential risks from workplace in a timely manner and to provide our employees with a healthy and safe working environment. During the Reporting Period, Man Shing has not identified any material cases of non-compliance on health and safety related laws and regulations and protecting its employees from occupational hazards.

D. SUPPLY CHAIN MANAGEMENT & GREEN PROCUREMENT

Man Shing closely monitors the supply chain and has implemented a sustainable procurement practice to minimize the adverse impact on the environment and to maintain cost effectiveness. Over the course of selecting new suppliers, authorized management personnel is required to analysis the quality and durability of the products, service quality, price competitiveness, and sustainability efforts made by our suppliers in accordance with Man Shing's criteria. Examples of green procurement efforts include production methodology, waste management methods and choice of raw materials.

Man Shing maintains an open and fair relationship with our suppliers. By introducing a regular assessment mechanism, we will conduct regular reviews and evaluations over the performance of the existing suppliers. A grade is assigned to each supplier during the evaluation to indicate its recent performance.

The following graph shows the current distribution of suppliers by geographical region



E. CUSTOMER SATISFACTION: SERVICES RESPONSIBILITY SERVICE QUALITY ASSURANCE POLICY

Man Shing is devoted to providing high quality services and are certified with ISO 9001:2015 for our provision of cleaning, pest control and waste management services. In order to maintain the quality, Man Shing has invested in various areas, including human resources, information management, infrastructure and equipment. Management's support and active participation in daily operations of business also contribute to the maintenance and improvement of service quality. We always welcome customers to comment on our services. An operation department has been assigned to respond to customer's complaints. Each complaint will be thoroughly investigated by management personnel and reported to senior management for their review. Remedial measures will be implemented if possible to reduce the chance of having any similar compliant in the future.

F. DATA PRIVACY POLICY

Man Shing values the confidentiality of personal data and is committed to protecting customer's information with great care. Therefore, Man Shing has implemented the appropriate data protection measures in order to comply with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "**Ordinance**").

The Data Protection Principles set out in the Ordinance are applied to our business operations. Specifically, Man Shing would only be collecting client's personal data which Man Shing believes are relevant and required for our business operations. The personal data would only be used for the purpose of which the data was being collected for, or for a directly related purpose. Our personnel would always seek for client's consent in the event that data has to be used for new purposes. In line with our Standards and Code of Ethics on Personal Data Protection, it is strictly prohibited to disclose or transfer personal data to any third party without client's consent unless it is required by the law. The Company has taken appropriate steps to ensure security controls and measures are in place to prevent any unauthorized access to personal data. Only designated personnel will have access to personal data. During the Reporting Period, Man Shing has not identified any material cases of non-compliance on service quality and data privacy related laws and regulations.

G. ANTI-CORRUPTION AND ANTI-FRAUD

No corruption, bribery, extortion, money-laundering and other fraudulent activities in connection with any of our business operations is tolerated by Man Shing. Employees must comply with all relevant laws and regulations when performing their duties. Our Code of Conduct and Employee Handbook, which is provided to every employee, also stipulates the proper work ethics and practices for our employees' reference. Employees are required to declare any potential conflicts. A whistle-blowing mechanism is established for employees and external parties to report any potential or actual irregularities and conflicts in a private and confidential manner. Any reported cases will be investigated and the results will be reported to the senior management of the Company directly. Internal controls are also in place to mitigate risk on fraudulent activities and the effectiveness of such internal controls are regularly assessed. During the Reporting Period, Man Shing has not identified any material cases of non-compliance on corruption-related laws and regulations.

H. COMMUNITY INVOLVEMENT

Being a responsible company, Man Shing always keeps in mind to serve and give back to the society. We actively encourage our employees and other stakeholders to supporting the community. Our employees are engaged in various community activities such as public fundraising, donations, sponsorships and volunteering services. In the future, we will collaborate with non-profit organizations, including Hong Kong Children & Youth Services, to organize community events.

Man Shing has been accredited for the Caring Company award from the Hong Kong Council of Social Service in 2017 in honour of its long-term effort of caring for the community, our employees and also the environment.

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Appendix 1: HKEx ESG Reporting Guide Index

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section/Remarks	Page Number
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection Our group is not aware of any material non-compliance with relevant standards, rules and regulations related to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes during the Reporting Period.	P. 45
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection	P. 45 to P. 46
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection	P. 46
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Our Group does not produce any hazardous waste from its operations.	N/A
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Protection	P. 47
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection	P. 46
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Protection	P. 47 to P. 48

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section/Remarks	Page Number
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection	P. 45 to P. 48
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Protection	P. 47
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection	P. 47
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection	P. 47
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Protection	P. 47
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection	P. 48
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental Protection	P. 45 to P. 48
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection	P. 45 to P. 48

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section/Remarks	Page Number
B. Social			
Employment and Labour Practices			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Caring for Employees Our Group is not aware of any material non-compliance with relevant standards, rules and regulations on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity and other benefits and welfare during the Reporting Period.	P. 48 to P. 51 N/A
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Caring for Employees	P. 48 to P. 51
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Caring for Employees	P. 49
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Occupational Health and Safety The Group is not aware of any material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting its employees from occupational hazards during the Reporting Period.	P. 51 to P. 52
KPI B2.1	Number and rate of work-related fatalities.	There was no work-related fatalities during the Reporting Period.	N/A
KPI B2.2	Lost days due to work injury.	During the Reporting Period, Our Group's overall lost days due to work injury is 6611 days.	N/A
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety	P. 51 to P. 52

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section/Remarks	Page Number
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Caring for Employees	P. 48
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Caring for Employees	P. 48
KPI B3.2	The average training hours completed per employee by gender and employee category.	Caring for Employees	P. 48
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Our Group adopts a zero tolerance policy for any form of child labour or forced labour. The Group is not aware of any non-compliance with relevant standards, rules and regulations on preventing child or forced labour.	N/A
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Our Group regularly reviews its employment practice to ensure that we are in full compliance with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and other regulations related to child labour and forced labour.	N/A
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	No such incidents were reported during the Reporting Period.	N/A
Operating Practices			
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management & Green Procurement	P. 52
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management & Green Procurement	P. 52
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management & Green Procurement	P. 52

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section/Remarks	Page Number
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Our Group is not aware of any material non-compliance with relevant standards, rules and regulations on health and safety, advertising, labelling and privacy matters related to Products and Services provided during the reporting period.	P. 52
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	There was no product returned or recalled for safety and health reason during the Reporting Period.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Our Group does not find any significant complaints related to products and services during the Reporting Period.	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Our Group regularly reviews its internal policies and systems to ensure that intellectual property rights are observed and protected.	N/A
KPI B6.4	Description of quality assurance process and recall procedures.	The Group does not produce any product and therefore, recall procedures is necessary.	N/A
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	The Group regularly reviews its internal policies and systems to ensure that consumer data privacy is protected and that our existing infrastructures remain robust.	P. 53

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section/Remarks	Page Number
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Our well designed organisational structures and policies are in place to uphold a high standard of corporate governance and maintain an ethical corporate culture.	P. 53
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	During the Reporting Period, there was no concluded legal case regarding corrupt practices brought against the Group or its employees.	N/A
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Our Protocol on Malpractice Reporting and Investigation provides clear guidelines to employees and business partners on ways to raise matters in a strictly confidential manner. The Group ensures that all matters of genuine concern are investigated and appropriate actions are taken where necessary.	N/A
Community			
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Involvement	P. 53
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Involvement	N/A
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Involvement	P. 53

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

TO THE MEMBERS OF MAN SHING GLOBAL HOLDINGS LIMITED
萬成環球控股有限公司
(incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Man Shing Global Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 65 to 111, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Timing of revenue recognition

Refer to note 5 to the consolidated financial statements and the accounting policies on page 76.

The key audit matter	How the matter was addressed in our audit
Revenue from provision of professional cleaning is recognised when the services are rendered, with reference to the contractual terms and completion of the specific transaction assessed on the basis of the actual extent of services provided as at the reporting date as a proportion of the total services to be provided under the terms of the service contract. The Group enters into significant volume of service contracts with a wide range of customers. The extent of services may subsequently be altered upon request from customers. We identified the timing of revenue recognition as a key audit matter because revenue is significant to the consolidated statement of profit or loss and other comprehensive income.	Our audit procedures to assess the timing of revenue recognition included the following: We have obtained an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition; We have inspected key customer contracts to identify terms and conditions relating to the provision of services and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards; and We have compared, on a sample basis, specific revenue transactions recorded before and after the financial year end date with underlying documentation, including service contracts and service records, to determine whether the related revenue had been recognised in the appropriate financial period.

Recoverability of trade receivables

Refer to note 14 to the consolidated financial statements and the accounting policies on page 78.

The key audit matter	How the matter was addressed in our audit
We have identified impairment on trade receivables as a key audit matter because the estimates on which these provisions are based on a significant degree of management judgement and may be subject to management judgement. As at 31 March 2018, the carrying amount of trade receivables was approximately HK$49,548,000. The impairment assessment conclusions are dependent upon management judgement in respect of assessing the ultimate realisation of these receivables.	Our audit procedures to assess the recoverability of trade receivables included the following: We have reassessed the assumptions and critical judgment used by the management with reference to the subsequent settlement of the trade receivables, detailed analysis of ageing of receivables, and recent creditworthiness of major customers; and We have also discussed the indicators of possible impairment with the management and, where such indicators were identified, assessed the management's impairment testing.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Wong Chuen Fai.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589
Hong Kong
26 June 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Revenue	5	**423,494**	463,795
Cost of sales		**(396,692)**	(419,615)
Gross profit		**26,802**	44,180
Other income	6	**2,606**	128
Administrative expenses		**(36,300)**	(35,139)
Finance costs	7	**(2,721)**	(3,121)
(Loss) profit before tax		**(9,613)**	6,048
Income tax expenses	8	**(411)**	(3,266)
(Loss) profit and other comprehensive (expense) income for the year attributable to owners of the Company	9	**(10,024)**	2,782
(Loss) earnings per share (HK cents)			
Basic and diluted	12	**(1.68)**	0.66

Consolidated Statement of Financial Position

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current asset			
Plant and equipment	13	**12,645**	18,011
Current assets			
Trade receivables	14	**49,548**	55,456
Prepayments, deposits and other receivables	15	**4,803**	12,792
Tax recoverable		**3,536**	–
Pledged bank deposits	16	**30,643**	25,420
Bank balances and cash	16	**28,640**	17,059
		117,170	110,727
Current liabilities			
Trade payables	17	**9,407**	12,007
Accruals and other payables	18	**25,163**	43,048
Tax payables		**17**	721
Obligations under finance leases	19	**3,563**	6,157
Bank borrowings	20	**25,306**	24,753
		63,456	86,686
Net current assets		**53,714**	24,041
Total assets less current liabilities		**66,359**	42,052
Capital and reserves			
Share capital	23	**6,000**	380
Reserves		**50,916**	27,697
		56,916	28,077
Non-current liabilities			
Obligations under finance leases	19	**6,493**	8,711
Long service payments obligations	21	**2,815**	4,384
Deferred tax liabilities	22	**135**	880
		9,443	13,975
		66,359	42,052

The consolidated financial statements on pages 65 to 111 were approved and authorised for issue by the board of directors on 26 June 2018 and are signed on its behalf by:

Wong Chong Shing
Director

Wong Man Sing
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Notes	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (note i)	Retained earnings HK$'000	Total HK$'000
At 1 April 2016		–*	–	110	28,585	28,695
Capital injection from the shareholder of the Company	23(iii)	–*	9,600	–	–	9,600
Capitalisation issue	23(iv)	380	(380)	–	–	–
Profit and total comprehensive income for the year		–	–	–	2,782	2,782
Dividends paid		–	–	–	(13,000)	(13,000)
At 31 March 2017 and 1 April 2017		380	9,220	110	18,367	28,077
Capitalisation issue	23(v)	4,120	(4,120)	–	–	–
Issuance of shares	23(vi)	1,500	46,500	–	–	48,000
Capitalisation of issuance cost	23(vi)	–	(9,137)	–	–	(9,137)
Loss and total comprehensive expenses for the year		–	–	–	(10,024)	(10,024)
At 31 March 2018		**6,000**	**42,463**	**110**	**8,343**	**56,916**

* Represents amount less than HK$1,000.

Note:

(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.

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
(Loss) profit before tax	**(9,613)**	6,048
Adjustments for:		
Finance costs	**2,721**	3,121
Bank interest income	**(75)**	(12)
Gain on disposal of plant and equipment	**(2,492)**	–
Provision for the long service payment obligations	**1,347**	1,505
Depreciation for plant and equipment	**7,717**	8,575
Operating cash flow before working capital changes	**(395)**	19,237
Decrease (increase) in trade receivables	**5,908**	(14,448)
Decrease (increase) in prepayments, deposits and other receivables	**7,989**	(3,728)
(Decrease) increase in trade payables	**(2,600)**	6,471
(Decrease) increase in accrual and other payables	**(18,468)**	14,645
Long service payment	**(2,916)**	(95)
Cash (used in) generated from operations	**(10,482)**	22,082
Profit tax paid	**(5,396)**	(2,653)
Interest paid	**(2,138)**	(3,121)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(18,016)**	16,308
INVESTING ACTIVITIES		
Bank interest income	**75**	12
Placement of pledged bank deposit	**(5,223)**	(13,766)
Sales proceed on disposal on plant and equipment	**2,606**	–
Purchase of plant and equipment	**(1,120)**	(1,262)
Repayment from a shareholder	**–**	9,503
NET CASH USED IN INVESTING ACTIVITIES	**(3,662)**	(5,513)
FINANCING ACTIVITIES		
Dividends paid	**–**	(13,000)
Repayments of obligations under finance lease	**(6,157)**	(9,286)
Repayment of borrowings	**(326,815)**	(289,750)
New bank loans raised	**327,368**	270,580
Proceed from issuance of shares	**48,000**	–
Expenses paid for issuance of shares	**(9,137)**	–
Capital injection from a shareholder of the Company	**–**	9,600
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**33,259**	(31,856)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**11,581**	(21,061)
CASH AND CASH EQUIVALENTS AT 1 APRIL 2017	**17,059**	38,120
CASH AND CASH EQUIVALENTS AT 31 MARCH 2018	**28,640**	17,059

1. GENERAL

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 GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Its ultimate controlling parties during the year are 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 to the annual report.

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

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

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 application of the above 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 Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Reconciliation between the opening and closing balances of these items is provided in note 27. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 27, the application of these amendments has had no impact on the Group's consolidated financial statements.

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

New and revised HKFRSs in 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.

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

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

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 the consolidated financial position of the Group.

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

HKFRS 9 (2014) ***Financial Instruments***

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

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

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

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

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

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

HKFRS 9 (2014) *Financial Instruments* (Continued)

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

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

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

(a) Classification and measurement

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

(b) Impairment

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

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

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

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:

- 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; and
- Step 5: 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 source of revenue of the Group is provision of services. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a service is transferred to a customer. The directors of the Company have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the directors of the Company expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 31 March 2018.

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

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 Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

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

HKFRS 16 will 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$226,000 as disclosed in note 24. 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 qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The directors of the Company are in the process to determine the amounts of right-of-use assets and lease liabilities to be recognised in the consolidated statement of financial position, after taking into account all practical expedients and recognition exemption under HKFRS 16. The directors of the Company expect that the adoption of HKFRS 16 will not have material impact on the Group's result but certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

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 GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and 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 when the Company: (i) has power over the investee; (ii) is exposed, or has rights, to variable returns from its involvement with the investee; and (iii) has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owner of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Service income are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

For services that are provided on ad-hoc basis, service income is recognised upon completion of the provision of such ad-hoc services.

Interest income from a financial asset 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.

Plant and equipment

Plant and equipment held for use in the provision of cleaning services, or for administrative purposes 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 write off the cost of items of plant and equipment, less their residual values 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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 tax' 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 difference between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases 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 assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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 the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Financial instruments

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

Effective interest method

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

Interest income is recognised on an effective interest basis.

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 receivables, deposits and other receivables, pledged bank deposits 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 of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of 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.

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 and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

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 average credit period or 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 a trade or other receivable is considered uncollectible, it is 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 impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Other financial liabilities

Other financial liabilities including trade payables, accruals and other payables, obligations under finance leases and bank borrowings, 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.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial guarantee contracts (Continued)

Derecognition

The Group derecognises a financial asset 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

Impairment of 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.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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 cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) 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 cash generating unit) in prior period. A reversal of an impairment loss is recognised as income immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above, net of outstanding secured bank overdrafts, if any.

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 costs

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

Short-term and other long-term employee benefits

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

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

Liabilities recognised in respect of long service payment and other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any gains or losses arising on remeasurement are recognised directly in profit or loss.

Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligations, and a reliable estimate can be made of the amount of the obligations.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligations for the reporting period, taking into account the risks and uncertainties surrounding the obligations. When a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions shall be reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision shall be reversed.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

When measuring fair value except for the Group's leasing transactions and value in use of plant and equipment for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as following:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

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 carrying amounts of assets and liabilities that are not readily apparent from other sources.

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 ongoing 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 followings 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 causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Provision for long service payments

The present value of long service payments and the movement of the provision are determined by actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, pre-retirement termination, involuntary termination, early retirement, normal retirement, death and disability rate. Due to the complexities involved in the valuation and its long-term nature, it is highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting periods.

The Group makes provision for lump sum payments on cessation of employment in certain circumstances to employees. The payments due are dependent on future events and recent payment experience may not be indicative of future payments. Any increase or decrease in the provision would affect profit or loss in future years.

As at 31 March 2018, the carrying amount of the long service payment obligations was approximately HK$2,815,000 (2017: HK$4,384,000).

Useful lives and impairment assessment of plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment, based on factors that include internal evaluation as well as technological changes and environmental regulations. The Group's replacement policy for plant and equipment is mainly based on repairs and useful lives duration of assets. The estimation of useful lives impacts the level of annual depreciation expenses recorded. Plant and equipment are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of assets. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statement of profit or loss and other comprehensive income. As at 31 March 2018, the carrying amount of plant and equipment were approximately HK$12,645,000 (2017: HK$18,011,000). No impairment had been recognised as at 31 March 2018 (2017: nil).

Estimated impairment loss of trade receivables

When there is objective evidence of impairment loss of trade receivables, the Group takes into consideration the estimation of future cash flows of respective trade receivables. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2018, the carrying amounts of the Group's trade receivables are approximately HK$49,548,000 (2017: HK$55,456,000). No impairment has been recognised as at 31 March 2018 (2017: nil).

Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the year in which such determination is made.

5. REVENUE AND SEGMENT INFORMATION

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:

	2018 HK$'000	2017 HK$'000
Street cleaning solutions	**285,170**	320,041
Building cleaning solutions	**105,960**	103,680
Bus and ferry cleaning solutions	**24,757**	31,969
Other cleaning services	**7,607**	8,105
	423,494	463,795

Segment revenues, results, assets and liabilities

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 consolidated result of the single business engaged in the provision of cleaning services for the years ended 31 March 2018 and 2017 comprehensively. Accordingly, the Group does not present separately segment information.

Geographical information

The Group is organised into a single operating segment in Hong Kong and all revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to this single segment, no geographical information is presented.

Information about major customer

Revenue from customer of the corresponding year contributing over 10% of the total sales of the Group is as follows:

	2018 HK$'000	2017 HK$'000
Customer A	**285,170**	320,041

6. OTHER INCOME

	2018	2017
	HK$'000	HK$'000
Bank interest income	**75**	12
Gain on disposal of plant and equipment	**2,492**	–
Sundry income	**39**	116
	2,606	128

7. FINANCE COSTS

	2018	2017
	HK$'000	HK$'000
Interest on:		
Bank borrowings	**2,095**	2,226
Obligations under finance leases	**626**	895
	2,721	3,121

8. INCOME TAX EXPENSES

	2018	2017
	HK$'000	HK$'000
Current tax:		
Hong Kong Profits Tax	**1,156**	3,523
Deferred tax (note 22)	**(745)**	(257)
	411	3,266

Pursuant to the rule and regulations of the Cayman Islands and the British Virgin Island (the “BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year (2017: 16.5%).

8. INCOME TAX EXPENSES (CONTINUED)

The income tax expense for the years can be reconciled to the (loss) profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018	2017
	HK$'000	HK$'000
(Loss) profit before tax	**(9,613)**	6,048
Tax at domestic income tax rate of 16.5% (2017: 16.5%)	**(1,586)**	998
Tax effect of expenses not deductible for tax purpose	**2,126**	2,290
Tax effect of income not taxable for tax purpose	**(99)**	(2)
Effect of tax exemption granted	**(30)**	(20)
Income tax expenses for the year	**411**	3,266

Tax exemptions represented reduction of Hong Kong Profits Tax for the year of assessment of 2016/2017 and 2017/2018 by 75%, subject to a ceiling of HK$20,000 and HK$30,000 respectively per case.

Details for deferred taxation are set out in note 22.

9. (LOSS) PROFIT FOR THE YEAR

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

	2018	2017
	HK$'000	HK$'000
Staff costs (including directors' remuneration)		
Wages, salaries and other benefits	**341,205**	353,493
Retirement benefits scheme contributions	**10,832**	12,053
Provision for long service payments	**1,347**	1,505
Redundancy costs	**2,794**	–
Total staff costs	**356,178**	367,051
Auditors' remuneration	**700**	700
Listing expenses	**7,509**	12,700
Depreciation of plant and equipment:		
– owned by the Group	**687**	1,698
– held under finance leases obligation	**7,030**	6,877
Minimum lease payments under operating leases in respect of offices	**334**	313

10. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES

(a) Directors' emoluments

The emoluments paid or payable to the directors of the Company, which include the chief executive of the Group, were as follows:

	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
For the year ended 31 March 2018				
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:				
Executive directors				
Mr. Wong Man Sing *(Note i)*	–	1,190	18	1,208
Mr. Wong Chong Shing	–	1,190	18	1,208
Mr. Wong Chi Ho	–	380	18	398
Mr. Chan Sing Yi Jacky *(Note ii & iii)*	80	–	–	80
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings:				
Independent non-executive directors				
Mr. Lee Pak Chung	150	–	–	150
Mr. Au-Yeung Tin Wah	150	–	–	150
Mr. Chiu Ka Wai	150	–	–	150
	530	2,760	54	3,344

10. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES (CONTINUED)

(a) Directors' emoluments (Continued)

	Fees HK$'000	Salaries and other benefits HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
For the year ended 31 March 2017				
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:				
Executive directors				
Mr. Wong Man Sing *(Note i)*	–	1,040	18	1,058
Mr. Wong Chong Shing	–	1,040	18	1,058
Mr. Wong Chi Ho	–	455	18	473
Mr. Chan Sing Yi Jacky *(Note ii)*	5	–	–	5
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company and its subsidiary undertakings:				
Independent non-executive directors				
Mr. Lee Pak Chung	5	–	–	5
Mr. Au-Yeung Tin Wah	5	–	–	5
Mr. Chiu Ka Wai	5	–	–	5
	20	2,535	54	2,609

Notes:

(i) Mr. Wong Man Sing was appointed as the chief executive of the Company on 12 August 2016 and his emoluments disclosed above include those for services rendered by him as the chief executive.

(ii) Mr. Chan Sing Yi Jacky has been appointed on 12 August 2016 and he has resigned as executive director on 18 September 2017.

Neither the chief executive nor any of the directors of the Company waived or agreed to waive any emolument paid by the Group during the years ended 31 March 2018 and 2017.

10. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES (CONTINUED)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2017: three) were the directors (including the chief executive) of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining three (2017: two) individuals for the year ended 31 March 2018 were as follows:

	2018	2017
	HK$'000	HK$'000
Salaries and allowances	**1,882**	1,617
Retirement benefits scheme contributions	**42**	36
	1,924	1,653

Their emoluments were within the following band:

	2018	2017
Nil to HK$1,000,000	**3**	2

No emoluments were paid by the Group to any of the directors (including the chief executive) or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the years ended 31 March 2018 and 2017.

11. DIVIDENDS

Special dividends of approximately HK$13,000,000 has been declared in respect of the year ended 31 March 2016 to the shareholders, and was paid in December 2016 and January 2017 respectively.

No dividend was paid or proposed by the Group for the years ended 31 March 2018 and 2017, or has any dividend been proposed since the end of the reporting period.

12. (LOSS) EARNINGS PER SHARE

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

	2018 HK$'000	2017 HK$'000
(Loss) earnings		
(Loss) profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**(10,024)**	2,782

	Number of shares	
	2018 '000	2017 '000
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation *(note)*	**595,068**	421,151

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 2016.

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

13. PLANT AND EQUIPMENT

	Office equipment HK$'000	Equipment and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
COST					
1 April 2016	800	7,113	349	40,486	48,748
Addition	109	1,151	2	7,581	8,843
At 31 March 2017 and 1 April 2017	909	8,264	351	48,067	57,591
Addition	109	216	14	2,126	2,465
Disposal	–	–	–	(5,968)	(5,968)
At 31 March 2018	1,018	8,480	365	44,225	54,088
ACCUMULATED DEPRECIATION					
1 April 2016	711	5,608	311	24,375	31,005
Charge for the year	37	983	20	7,535	8,575
At 31 March 2017 and 1 April 2017	748	6,591	331	31,910	39,580
Charge for the year	65	608	14	7,030	7,717
Disposal	–	–	–	(5,854)	(5,854)
At 31 March 2018	813	7,199	345	33,086	41,443
CARRYING VALUES					
At 31 March 2018	205	1,281	20	11,139	12,645
At 31 March 2017	161	1,673	20	16,157	18,011

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

Office equipment	20%
Equipment and machinery	20%
Furniture and fixtures	20%
Motor vehicles	20%

The net carrying value of plant and equipment of approximately HK$12,645,000, (2017: HK$18,011,000) as at 31 March 2018 include amounts of approximately HK$11,139,000 (2017: HK$16,157,000) in respect of certain motor vehicles held under finance leases.

14. TRADE RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**49,548**	55,456

The Group does not hold any collateral over its trade receivables. No impairment of trade receivables had been recognised during the years ended 31 March 2018 and 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.

	2018 HK$'000	2017 HK$'000
0 to 60 days	**45,960**	51,759
61 to 90 days	**835**	1,182
Over 91 days	**2,753**	2,515
	49,548	55,456

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and aged analysis of the trade receivables which requires the use of judgment and estimates. Provisions would apply to the trade receivables when there are events or changes in circumstances which indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances.

The following is an aged analysis of trade receivables presented based on the due date at the end of the reporting period:

	2018 HK$'000	2017 HK$'000
Current	**45,960**	51,759
1 to 90 days	**2,520**	2,922
91 to 180 days	**1,068**	775
	49,548	55,456

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

14. TRADE RECEIVABLES (CONTINUED)

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$3,588,000 (2017: HK$3,697,000) as at 31 March 2018 which were past due at the end of the reporting period for which the Group has not provided for impairment loss. Trade receivables that were past due but not impaired related to a number of independent customers with no recent history of default.

As at 31 March 2018, the Group pledged the trade receivables of approximately HK$25,245,000 (2017: HK$22,891,000) to secure bank borrowings. Details of pledge of assets are set out in note 28.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2018 **HK$'000**	2017 HK$'000
Deposits	**2,177**	3,648
Prepayments	**1,783**	3,354
Prepaid listing expenses	**–**	4,750
Other receivables	**843**	1,040
	4,803	12,792

16. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

Pledged bank deposits

Pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group. The bank deposits of approximately HK$30,643,000 (2017: HK$25,420,000) as at 31 March 2018 have been pledged by Man Shing Cleaning Service Company Limited and Jasen Services Limited to secure short-term bank borrowings (note 20) and are therefore classified as current asset. The pledged bank deposits carried floating interest rates ranging from 0.0010% to 0.0500% (2017: 0.0010% to 0.0500%) per annum during the year ended 31 March 2018.

Bank balances and cash

Bank balances earned interest at floating rates based on daily bank deposit rates ranging from 0.0010% to 0.0500% per annum (2017: 0.001% to 0.0500% per annum).

17. TRADE PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	**9,407**	12,007

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

	2018 HK$'000	2017 HK$'000
0 to 60 days	**7,558**	5,237
61 to 90 days	**105**	3,849
Over 91 days	**1,744**	2,921
	9,407	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.

18. ACCRUALS AND OTHER PAYABLES

	2018 HK$'000	2017 HK$'000
Accrued audit fee	**700**	700
Accrued wages	**22,876**	31,575
Accrued listing expenses	**–**	7,997
Other payables	**1,587**	2,776
	25,163	43,048

19. OBLIGATIONS UNDER FINANCE LEASES

	2018 **HK$'000**	2017 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**3,563**	6,157
Non-current liabilities	**6,493**	8,711
	10,056	14,868

	Minimum lease payments		**Present value of minimum lease payments**	
	At 31 March		**At 31 March**	
	2018 **HK$'000**	2017 HK$'000	**2018** **HK$'000**	2017 HK$'000
Amounts payable under finance lease				
Within one year	**3,929**	6,775	**3,563**	6,157
More than one year but less than two years	**3,033**	3,630	**2,780**	3,318
More than two years but less than five years	**3,891**	5,727	**3,713**	5,393
	10,853	16,132	**10,056**	14,868
Less: future finance charges	**(797)**	(1,264)	**N/A**	N/A
Present value of obligation under finance lease	**10,056**	14,868	**10,056**	14,868
Less: Amount due for settlement within one year (shown under current liabilities)			**(3,563)**	(6,157)
Amount due for settlement after one year			**6,493**	8,711

During the year ended 31 March 2018, the Company entered into finance lease arrangements of motor vehicles. The average lease terms are three years (2017: five years) for the year ended 31 March 2018. As at 31 March 2018, the amount due for settlement within one year is approximately HK$3,563,000 (2017: HK$6,157,000). The effective interest rate for the obligations under finance leases for the year ended 31 March 2018 were under fixed rates and ranged from 1.80% to 3.75% per annum (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.

20. BANK BORROWINGS

	2018 HK$'000	2017 HK$'000
Bank borrowings – secured	**25,306**	24,753
Carrying amount repayable*		
Within one year	**25,306**	24,753

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

(a) The bank borrowings were denominated in HK$ for the years ended 31 March 2018 and 2017.

(b) At 31 March 2018, secured bank borrowings carried interest at floating rates ranging from 1.95% to 7.00%; (2017: 3.49% to 7.00%) per annum.

(c) The amounts of banking facilities and the utilisation at the end of the reporting period are set out as follows:

	2018 HK$'000	2017 HK$'000
Facility amount	**126,497**	103,338
Utilisation		
– Secured bank borrowings	**25,306**	24,753
– Performance bonds	**39,607**	42,042
	64,913	66,795

As at 31 March 2018 and 2017, banking facilities were secured by assets pledged as set out in note 28:

– certain trade receivables of a subsidiary;

– pledged bank deposits of subsidiaries;

– unlimited personal guarantee provided by the directors of the Company and had been released upon listing on 13 April 2017;

– certain cash deposits and properties of the directors of the Company and had been released upon listing on 13 April 2017; and

– corporate guarantees executed by the Company and corporate guarantees given by certain entities within the Group.

21. LONG SERVICE PAYMENT OBLIGATIONS

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

Movement in the long service payment obligations is as followings:

	2018	2017
	HK$'000	HK$'000
At beginning of the year	**4,384**	2,974
Paid during the year	**(2,916)**	(95)
Charged to profit or loss	**1,347**	1,505
At the end of the year	**2,815**	4,384

The obligation represents the management's best estimate of the Group's liability at the end of the reporting period.

22. DEFERRED TAX

The following is the analysis of the Group's deferred (asset) liabilities for financial reporting purposes:

	Tax losses	**Accelerated tax depreciation**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 April 2016	(252)	1,389	1,137
(Credited) charged to profit or loss	(327)	70	(257)
At 31 March 2017 and 1 April 2017	(579)	1,459	880
Credited to profit or loss	(240)	(505)	(745)
At 31 March 2018	(819)	954	135

23. SHARE CAPITAL

	Number of shares		Amount	
	2018	2017	**2018**	2017
			HK$'000	HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
At the beginning of the year	**10,000,000,000**	–	**100,000**	–
Ordinary share of HK$0.01 each at the date of incorporation *(note i)*	**–**	38,000,000	**–**	380
Increase during the year *(note ii)*	**–**	9,962,000,000	**–**	99,620
At the end of the year	**10,000,000,000**	10,000,000,000	**100,000**	100,000
Issued and fully paid:				
At the beginning of the year	**38,000,000**	82	**380**	–*
Increase of ordinary shares *(note iii)*	**–**	18	**–**	–*
Issue of ordinary shares in connection with the listing of share of the Company *(note vi)*	**150,000,000**	–	**1,500**	–
Capitalisation issue of shares *(notes iv & v)*	**412,000,000**	37,999,900	**4,120**	380
At the end of the year	**600,000,000**	38,000,000	**6,000**	380

* Represents amount less than HK$1,000.

23. SHARE CAPITAL (CONTINUED)

(i) The Company was incorporated in Cayman Islands on 18 March 2016. As at the date of its incorporation, the Company had authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. One ordinary share was issued at par on incorporation.

(ii) On 20 March 2017, the authorised share capital increased from HK$380,000 to HK$100,000,000 by the creation of 9,962,000,000 new shares of HK$0.01 each.

(iii) On 16 July 2016, the Company has entered into a share subscription agreement with an independent third party, Mr. Chan Shing Yi Jacky ("Mr. Chan"), pursuant to which 18 ordinary shares with a nominal value of HK$0.01 each were issued and allotted to Pro-Integration Limited ("Pro-Integration") at a total consideration of HK$9,600,000. Pro-Integration is wholly and beneficially owned by Mr. Chan. Such shares were issued on 9 August 2016.

(iv) On 26 January 2017, the directors of the Company passed the written resolutions to capitalise and apply a sum of HK$379,999 standing to the credit of the Company's share premium accounts to issue and allot an aggregate of 37,999,900 shares of HK$0.01 each. Such shares were issued on 9 March 2017.

(v) On 20 March 2017, pursuant to the resolution of the then shareholders of the Company, it was approved to issue 412,000,000 ordinary shares of HK$0.01 each to the shareholders by ways of capitalisation of HK$4,120,000 from the share premium account upon listing on 13 April 2017.

(vi) On 13 April 2017, the Company issued a total of 150,000,000 ordinary shares of HK$0.01 each at a price HK$0.32 per share as a result of the completion of the share offer. Of the total gross proceeds of HK$48,000,000, HK$1,500,000 representing the par value credit to the Company's share capital and HK$46,500,000, before the share issue expenses of approximately HK$9,137,000, credit to the share premium account. The Company's total number of issued shares was increased to 600,000,000 shares upon completion of the share offer.

(vii) All share issued during the year ended 31 March 2018 and 2017 rank pari passu in all respects among themselves and with the then existing shares.

24. OPERATING LEASE COMMITMENT

The Group as leasee

The Group leases its office under operating lease arrangement. The leases are negotiated for lease terms of two years. At the end of each reporting period, the Group had future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018	2017
	HK$'000	HK$'000
Within one year	**186**	236
In the second to fifth years inclusive	**40**	34
	226	270

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average of two years with fixed rentals.

25. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of secured bank borrowings, bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure of the Group periodically. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues. The directors of the Company will also consider the raise of borrowings as second resource of capital.

The directors of the Company also endeavor to ensure the steady and reliable cash flows from the normal business operation.

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2018	2017
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)	**111,851**	102,623
Financial liabilities		
Financial liabilities measured at amortised cost	**69,932**	94,676

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, pledged bank deposits, bank balances and cash, amount due from a shareholder, trade payables, accruals and other payables, obligations under finance leases and bank borrowings. 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 manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

As at 31 March 2018 the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 33(a).

As at 31 March 2018, the Group has concentration of credit risk as 37% (2017: 54%) and 72% (2017: 79%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of each individual trade debt at the end of the 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.

The credit risk for bank balances is considered minimal as such amounts are placed with banks with high credit ratings assigned by international credit-rating agencies.

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate obligations under finance leases (see note 19 for details). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

As at 31 March 2018, the Group was exposed to cash flow interest rate risk in relation to bank balances, variable-rate pledged bank deposits and variable-rate bank borrowings (see notes 16 and 20 for details). It is the Group's policy to keep its bank borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's Hong Kong dollar denominated borrowings.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point increase or decrease is used for the year ended 31 March 2018 when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease by approximately HK$276,000 for the year ended 31 March 2018 (2017: HK$149,000). This is mainly attributable to the Group's exposure to interest rates on its bank balances and bank borrowings.

Liquidity risk

The consolidated financial statements have been prepared on a going concern basis. The Group relies on bank borrowings as a significant source of liquidity. As at 31 March 2018, the Group has available unutilised short-term bank loan facilities of approximately HK$64,913,000 (2017: HK$66,795,000). Details of which are set out in note 20.

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

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

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 maturity date for the non-derivative financial liabilities is prepared based on the scheduled repayment dates.

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

	Within 1 year or on demand	1 to 2 years	2 to 5 years	Total undiscounted cash flows due on demand or within one year	Carrying amount
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 March 2018					
Trade payables	**9,407**	**–**	**–**	**9,407**	**9,407**
Accruals and other payables	**25,163**	**–**	**–**	**25,163**	**25,163**
Obligations under finance leases	**3,929**	**3,033**	**3,891**	**10,853**	**10,056**
Bank borrowings	**25,432**	**–**	**–**	**25,432**	**25,306**
Financial guarantee contracts	**39,607**	**–**	**–**	**39,607**	**–**
	103,538	**3,033**	**3,891**	**110,462**	**69,932**
At 31 March 2017					
Trade payables	12,007	–	–	12,007	12,007
Accruals and other payables	43,048	–	–	43,048	43,048
Obligations under finance leases	6,775	3,630	5,727	16,132	14,868
Bank borrowings	24,891	–	–	24,891	24,753
Financial guarantee contracts	42,042	–	–	42,042	–
	128,763	3,630	5,727	138,120	94,676

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement and the fair value of such contracts at initial recognition is insignificant. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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

26. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair values of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the relevant prevailing market rate.

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

The directors consider that the carrying amounts of the non-current liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

No analysis of fair value measurements is presented as the Group does not have financial instruments that are measured subsequent to initial recognition at fair value in the consolidated financial statements.

27. 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.

	As at 1 April 2017	Financing cash flows	Non-cash change New finance lease arrangements	As at 31 March 2018
	HK$'000	HK$'000	HK$'000	HK$'000
Obligations under finance lease	14,868	(6,157)	1,345	10,056
Bank borrowings	24,753	553	–	25,306
	39,621	(5,604)	1,345	35,362

28. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks and other financial institutions to secure the banking facilities granted to the Group:

	2018	2017
	HK$'000	HK$'000
Trade receivables	**25,245**	22,891
Pledged bank deposits	**30,643**	25,420
	55,888	48,311

29. RELATED PARTY TRANSACTIONS

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

(a) Transactions

Related party	Nature of transaction	2018 HK$'000	2017 HK$'000
Mr. Wong Chong Shing	Rental expenses	**334**	313

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) Banking facilities

The directors of the Company have provided unlimited personal guarantee, properties and cash deposits for the grant of banking facilities to the Group as disclosed in note 20. Such guarantee has been released upon listing on the GEM of the Stock Exchange on 13 April 2017.

(c) Compensation of key management personnel

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

	2018 HK$'000	2017 HK$'000
Short term benefits	**3,290**	2,555
Post-employments benefits	**54**	54
	3,344	2,609

30. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to written resolution of the Company passed on 20 March 2017 for the primary purpose of providing incentives to directors and incentives to employees, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

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 in excess of 0.1% of the Company's share capital or with a value in excess of HK$5,000,000 must be approved in advance by the Company's shareholders.

No share options have been granted since the adoption of the scheme and during years ended 31 March 2018 and 2017.

31. RETIREMENT BENEFIT SCHEMES

The Group operates a MPF Scheme for all qualifying employees in Hong Kong. The assets of the Mandatory Provident Fund (the "MPF") are held separately from those of the Group, in funds under the control of trustees. The retirement benefit cost for the MPF charged to the consolidated statement of profit or loss and other comprehensive income represents contributions payable to the fund by the Group at rates specified in the rules of the MPF Scheme.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs, capped at HK$1,500 per month, to the MPF Scheme, in which the contribution is matched by the employee.

The total amount represents contributions payables to these schemes by the Group and charged to consolidated statement of profit or loss and other comprehensive income of approximately HK$10,832,000 (2017: HK$12,053,000) for the year ended 31 March 2018. The payment represents contributions payable to these schemes by the Group in respect of the current accounting period.

32. MAJOR NON-CASH TRANSACTIONS

During year ended 31 March 2018, the Group entered into finance lease arrangements in respect of plant and equipment with a total capital value at the inception of the leases of approximately HK$1,345,000 (2017: HK$7,581,000).

33. CONTINGENT LIABILITIES

(a) Performance bonds

	2018 **HK$'000**	2017 HK$'000
Guarantees on performance bonds in respect of service contracts	**39,607**	42,042

The Group had bankers' guarantees on performance bonds issued for due performance under several service contracts.

The amounts of the pledged deposits to banks as security for banking facilities and bank guarantees as at 31 March 2018 are approximately HK$30,643,000 (2017: HK$25,420,000). Details of banking facilities are set out in note 20.

The effective periods of performance bonds are based on the service periods and the contract terms. The performance bonds may be claimed by customers if services rendered by the Group fail to meet the standards as specified in these services contracts.

(b) Litigation

During the year ended 31 March 2018 and 2017, the Group may from time to time be involved in litigation concerning personal injuries by its employees or third party claimants. In the opinion of the directors of the Company, no material potential liabilities arising from legal proceedings are accounted for in the consolidated financial statements as they are adequately covered by insurance protection.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2018 HK$'000	2017 HK$'000
Non-current asset			
Investments in subsidiaries		**30,070**	30,070
Current assets			
Prepayments and other receivables		**305**	5,823
Amounts due from subsidiaries	(a)	**23,541**	–
Bank balances		**435**	749
		24,281	6,572
Current liabilities			
Amounts due to subsidiaries	(a)	**–**	1,091
Other payables and accruals		**1,001**	8,876
		1,001	9,967
Net current assets (liabilities)		**23,280**	(3,395)
Net assets		**53,350**	26,675
Capital and reserves			
Share capital		**6,000**	380
Reserves	(b)	**47,350**	26,295
Total equity		**53,350**	26,675

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Notes:

(a) Amount due from/to subsidiaries are unsecured, interest-free and repayable on demand

(b) Movement in reserves

	Notes	Share premium *Note (i)* HK$'000	Other reserve *Note (ii)* HK$'000	Accumulated losses HK$'000	Total HK$'000
At 31 March 2016		–	30,070	(1,264)	28,806
Capital injection from the shareholder of the Company	23(iii)	9,600	–	–	9,600
Capitalisation issue	23(iv)	(380)	–	–	(380)
Profit and total comprehensive income for the year		–	–	1,269	1,269
Dividends paid		–	–	(13,000)	(13,000)
At 31 March 2017 and 1 April 2017		9,220	30,070	(12,995)	26,295
Capitalisation issue	23(v)	**(4,120)**	**–**	**–**	**(4,120)**
Issuance of shares	23(vi)	**46,500**	**–**	**–**	**46,500**
Capitalisation of issuance cost	23(vi)	**(9,137)**	**–**	**–**	**(9,137)**
Loss and total comprehensive expense for the year		**–**	**–**	**(12,188)**	**(12,188)**
At 31 March 2018		**42,463**	**30,070**	**(25,183)**	**47,350**

Notes:

(i) Share premium

The share premium represents the excess of the consideration over the nominal value of share issued and allocated.

(ii) Other reserve

Other reserve represents the difference between the nominal value of the issued capital for acquisition of its subsidiaries and the net assets value of the subsidiaries at the date of acquisition.

35. LIST OF SUBSIDIARIES

Details of the Company's subsidiaries are as follow:

Name of subsidiaries	Place and date of incorporation/ operation	Issued and fully paid share capital/ registered capital	Percentage of equity interest and voting power attributable to the Group			Principal activities
			31 March 2018	31 March 2017	At the date of this report	
Man Shing Global Group (BVI) Limited	British Virgins Islands (the "BVI") 21 March 2017	US$1	**100%**	100%	100%	Investment holding
Man Shing Global Group Limited	Hong Kong 21 March 2017	HK$1	**100%**	100%	100%	Investment holding
Man Shing Cleaning Service (BVI) Co. Limited	BVI 21 March 2017	US$1	**100%**	100%	100%	Investment holding
Man Shing Environmental (BVI) Co. Limited	BVI 21 March 2017	US$1	**100%**	100%	100%	Investment holding
Jasen Services (BVI) Limited	BVI 21 March 2017	US$1	**100%**	100%	100%	Investment holding
Man Shing Cleaning Service Company Limited	Hong Kong 29 July 1998	HK$100,000	**100%**	100%	100%	Provision of cleaning services
Man Shing Environmental Company Limited	Hong Kong 1 September 2015	HK$100	**100%**	100%	100%	Provision of waste collecting services
Jasen Services Limited	Hong Kong 18 May 1995	HK$10,000	**100%**	100%	100%	Provision of cleaning services
Martix International Investments Limited *(Note i)*	Hong Kong 6 November 2017	HK$1	**100%**	–	100%	Investment holding

None of the subsidiaries has issued any debt securities at the end of both years.

All of the above subsidiaries operate principally in their respective place of incorporation/establishment.

Note:

(i) The entity is established during the year ended 31 March 2018.

36. EVENT AFTER REPORTING PERIOD

Termination of the Proposed Acquisition

Subsequent to the end of the reporting period on 6 April 2018, Matrix International Investments Limited, an indirect wholly-owned subsidiary of the Company, entered into a termination agreement with the vendor, to terminate the non-legally binding memorandum of understanding signed on 18 January 2018 in relation to a proposed acquisition of the issued shares of the vendor's wholly-owned entity. Details of the proposed acquisition and the termination are set out in the Company's announcements date 18 January 2018 and 6 April 2018 respectively.