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 2019 REPORT

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

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Wong Chong Shing *(Chairman)*
Mr. Wong Man Sing
Mr. Wong Chi Ho

Independent Non-Executive Directors

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

COMPANY SECRETARY

Mr. Chan Shiu Kwong, Stephen

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

AUTHORISED REPRESENTATIVES

Mr. Wong Chong Shing
Mr. Wong Man Sing

REGISTERED OFFICE

PO BOX 309
Ugland House, Grand Cayman
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 54, 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

Five-Year Financial Summary

	Year ended 31 March				
	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019** **HK$'000**
Revenue	316,320	346,999	463,795	423,494	**342,144**
Profit (loss) attributable to owners of the Company	14,354	12,522	2,782	(10,024)	**2,226**
Earnings (loss) per share (HK cents) – basic and diluted	N/A	192.88	0.66	(1.68)	**0.37**

	Year ended 31 March				
Assets and liabilities	2015 HK$'000	2016 HK$'000	2017 HK$'000	2018 HK$'000	**2019** **HK$'000**
Non-current assets					
Plant and Equipment	18,007	17,743	18,011	12,645	**10,955**
Current assets					
Amount due from a shareholder	287	9,503	–	–	**–**
Trade receivables	38,387	41,008	55,456	49,548	**45,334**
Prepayments, deposits and other receivables	3,736	9,213	12,792	4,803	**6,889**
Tax recoverable	–	–	–	3,536	**1,591**
Pledged bank deposits	3,275	11,654	25,420	30,643	**20,159**
Bank balances and cash	32,150	38,744	17,059	28,640	**33,448**
Current Liabilities	66,955	86,780	86,686	63,456	**46,832**
Net current assets	10,880	23,342	24,041	53,714	**60,589**
Total assets less current liabilities	28,887	41,085	42,052	66,359	**71,544**
Share Capital	–	–	380	6,000	**6,000**
Reserve	16,173	28,695	27,697	50,916	**52,830**
	16,173	28,695	28,077	56,916	**58,830**
Non-current liabilities	12,714	12,390	13,975	9,443	**12,714**
	28,887	41,085	42,052	66,359	**71,544**

Chairman's Statement

On behalf of the board of Directors (the "Board") of Man Shing Global Holdings Limited (the "Company", together with its subsidiaries, the "Group" or "our Group" or "Man Shing"), I am pleased to present the audited consolidated annual results of the Group for the year ended 31 March 2019 (the "Year" or the "Reporting Period").

Since 1987, we have been proudly providing cleaning services in Hong Kong and have become one of the largest cleaning services companies in the city. We are honoured to have played an important role in providing environmental cleaning solutions for Hong Kong residents. As a dedicated team working towards a common goal, we believe our success lies in our solidarity. We are motivated to strive for excellence and scale new heights for the Company.

During the Year, our business remained stable. Our business covers a comprehensive portfolio of environmental cleaning solutions, including providing street cleaning solutions, building cleaning solutions, bus and ferry cleaning solutions, waste management services, as well as pest control and fumigation services in Hong Kong. We generated further profit by increasing our market share in the private sector throughout the Year. Over the past few months, we have secured cleaning contracts with various top-notch property developers in Hong Kong. We have also made a continuous effort to develop and strengthen our information and communication system. The implementation of a new programme tailor-made for our Group improved our resource management, thereby enhanced our operational efficiency and reduced our labour costs. As we believe our employees are our greatest assets, we will continue to allocate more resources to train and develop our staff in order to hone their job-specific skills and improve our occupational safety.

With the rising trade tensions between the United States and China recently, there have been concerns over its potential impact on the local economy, given that Hong Kong has close ties with the Mainland and is a hub for re-exported goods. Notwithstanding economic uncertainties, we foresee that we will be able to achieve a mild growth in our overall revenue in the coming year. The domestic demand is likely to increase due to the renewal of 2-year street cleaning contracts. We are also considering to launch a pilot programme on the areas of waste collection, separation and recovery, which may bring forth new business opportunities in the cleaning services industry.

Last but not least, I would like to take this opportunity to express my gratitude to our team for their continuous contribution to the Group's achievements. I would also like to sincerely thank the shareholders of the Company (the "Shareholders"), customers and business partners for their unwavering support. Going forward, we will work closely with all stakeholders with a view to maintaining and strengthening our position in the cleaning services industry.

Wong Chong Shing
Chairman of the Board

25 June 2019

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.

Last year was a year filled with challenges and opportunities. This Year, our revenue decreased by approximately 19.2% compared to the same period for the year ended 31 March 2018. Such decrease was mainly due to our failure to renew certain government contracts. However, the trend has slightly improved in the fourth quarter of the Year. We gradually rebuilt and revitalized our business and we successfully obtained three contracts, with a gross contract sum of approximately HK$386,821,000 for the provision of cleaning service in Tsuen Wan District as well as the provision of street cleaning service for Sham Shui Po District East & West.

Moreover, we also faced other obstacles during the Year, such as a cut-throat competition in the local cleaning service industry and rising labour costs. Nevertheless, we remained resilient and introduced various measures to cope with the said challenges. We managed our administrative costs by reducing the salaries of our management staff. Moreover, to boost our competitiveness in the industry, we injected capital to develop new technology, information systems and the automation of plant and machinery, and also allocated more financial resources for the training and development of our employees.

BUSINESS OUTLOOK

In the coming year, we will strive to 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. Apart from expanding our business in the government sector, we shall explore and seize new business opportunities in the private sector to broaden our customer base, thereby generating further revenue to strengthen our financial position in the long run.

Also, the Hong Kong Government has introduced new policies in relation to waste management in recent years, such as a Food Waste & Yard Waste Plan for Hong Kong 2014–2022, the Producer Responsibility Scheme on Glass Beverage Containers, and a charging scheme on municipal solid waste. We believe the implementation of such policies will provide the Group with new business opportunities.

Going forward, we will continue to keep abreast of business and technology trends, and will fully utilize our financial resources to acquire new heavy-duty vehicles and automated machinery and equipment to assist our business operations. Highly committed to providing excellent service to our customers, we will formulate new business strategies and measures to improve our business performance and service quality.

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$342,144,000 (2018: approximately HK$423,494,000), representing a decrease of approximately HK$81,350,000 or 19.2% as compared to the year ended 31 March 2018.

Such decrease was mainly attributable to the failure to renew the 6 contracts awarded by the Food and Environmental Hygiene Department of the Hong Kong Government with a contract sum of approximately HK$45,236,000, which represents approximately 13.22% of the total revenue of the Group for the Reporting Period.

During the Reporting Period, we implemented a new information system. Such system has brought enhancement in work efficiency through innovative planning, which has in turn reduced material costs, fuel consumption, depreciation charges and labour costs. All of the above factors have contributed to the improvements on the Group's gross profit margin when compared to that of the year ended 31 March 2018.

Gross profit and gross profit margin

Our Group's gross profit was slightly increased by approximately HK$544,000 or 2.02% from approximately HK$26,802,000 for the year ended 31 March 2018 to approximately HK$27,346,000 for the Reporting Period. Our Group's gross profit margin for the Reporting Period was approximately 8.0%, representing an increase of approximately 1.66% as compared to approximately 6.33% for the year ended 31 March 2018. The increase in gross profit and gross profit margin was mainly attributable to reduced material costs and labour costs.

Other income

Other income of our Group decreased by approximately HK$125,000 from approximately HK$2,606,000 for the year ended 31 March 2018 to approximately HK$2,481,000 for the Reporting Period. The decrease was mainly attributable to the non-recurring gain on disposal of few specialised vehicles in the year ended 31 March 2018 as compared to lesser amount of gain of specialised vehicles for the Reporting Period.

Administrative expenses

Administrative expenses of our Group decreased by approximately HK$10,807,000 from approximately HK$36,300,000 for the year ended 31 March 2018 to approximately HK$25,493,000 for the Reporting Period. Administrative expenses consist primarily of staff costs (including Directors' remuneration), insurance expenses related to fees for our insurance policies and business operations, depreciation, maintenance, office supplies and transportation expenses, legal and professional fees and other administrative expenses. Despite an increase in insurance premium of approximately HK$1,850,000, the decrease in administrative expenses was mainly attributable to the following factors: (i) listing expenses of approximately HK$7,509,000 incurred in the year ended 31 March 2018, which was non-recurring in nature, was not incurred during the Year; (ii) the implementation of a salary reduction program during the Reporting Period resulted in a decrease of salary and Directors' remuneration of approximately HK$1,633,000; (iii) bank charges decreased by approximately HK$603,000; (iv) depreciation charges was lower than that of the year ended 31 March 2018 by approximately HK$2,900,000 as more vehicles were sold during the Year and certain assets were fully depreciated during the Reporting Period; and (v) the overall operating costs for vehicles currently in use decreased by approximately HK$2,600,000.

Finance costs

Finance costs for our Group decreased by approximately HK$1,254,000 or 46% from approximately HK$2,721,000 for the year ended 31 March 2018 to approximately HK$1,467,000 for the Reporting Period. The decrease was mainly attributable to (i) a decrease in the average level of bank borrowings; (ii) the competitive borrowing rates obtained by the Group during the Year; and (iii) an early repayment of our bank borrowings.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirement primarily through capital contribution from the cash inflow from operating activities and bank borrowings.

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.

Cash and bank balances are denominated in Hong Kong dollars. The current ratio of our Group as at 31 March 2019 was 2.29 times as compared to that of 1.85 times as at 31 March 2018. The improvement was mainly due to an overall improvement of our operating cash inflow.

The total interest bearing debts of our Group, including bank and other borrowings and finance lease liabilities, decreased from approximately HK$35,362,000 as at 31 March 2018 to approximately HK$22,673,000 as at 31 March 2019. All borrowings were denominated in Hong Kong dollars and were repayable within 5 years. Our Group did not carry out any hedging for its floating borrowings.

We enter into finance lease agreements for certain vehicles that we owned. The average lease terms were five years during the Reporting Period. The effective interest rate for the obligations under finance leases for the Year were under fixed rates and ranged from 1.80% to 3.75% per annum.

As at 31 March 2019, the finance lease liabilities amounted to approximately HK$7,378,000 (2018: approximately HK$10,056,000), were secured by the lessor's charge over the leased assets and corporate guarantees executed by the Company.

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 26% as at 31 March 2019 (2018: approximately 44.5%). Such a decrease was primarily attributable to a decrease in the Group's bank borrowings during the Year, as the Group closely monitored its overall exposure and made use of its cash flow generated from operation to reduce its bank borrowings.

CAPITAL STRUCTURE

As at 31 March 2019, the share capital and total equity attributable to equity holders of the Company amounted to approximately HK$6,000,000 and HK$58,830,000 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 2019, the amounts of pledged deposit to banks as security for banking facilities was HK$20,159,000 (2018: approximately HK$30,643,000).

During the Reporting Period, 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.

Four accidents occurred in January 2016, February 2016, August 2017 and November 2017 respectively, which exposed two subsidiaries of the Company to personal injury claims. As at the date of this annual report, one of the claims was in the course of settlement. The settlement amount was agreed to be approximately HK$200,000 and would be settled by our internal resources. Three legal proceedings were initiated against the subsidiaries of the Company in respect of the remaining claims. Based on the legal advice obtained, the Directors considered that the aggregate exposure to the potential damages are expected to be approximately HK$6.16 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

Our Group did not engage in any material investments, acquisitions or disposals during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, the Group does not have any present plans for material investments and capital assets.

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 dollars. 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 and other borrowings and finance lease liabilities amounted to approximately HK$19,353,000 (2018: HK$35,362,000) as at 31 March 2019. As at 31 March 2019, our Group had general banking facilities amounted to HK$110,743,000 (2018: HK$126,497,000).

As at 31 March 2019, our Group had secured bank borrowings with an outstanding balance of approximately HK$10,055,000 (2018: approximately HK$25,306,000) and utilized performance bond of approximately HK$24,775,000 (2018: approximately HK$39,607,000). As at 31 March 2019, 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 of the Company and certain trade receivables of a subsidiary.

As at 31 March 2019, the finance lease liabilities amounted to approximately HK$7,378,000 (2018: approximately HK$10,056,000), were secured by the lessor's charge over the leased assets and corporate guarantees executed by the Company.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2019, our Group had approximately 2,334 employees (2018: 2980 employees). The total staff costs incurred by our Group, including Directors' emoluments, were approximately HK$277,547,000 for the Reporting Period (2018: approximately HK$356,178,000).

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 (2018: HK$NIL).

No special dividends has been declared in respect of the year ended 31 March 2019 to the Shareholders.

EVENTS AFTER THE REPORTING PERIOD

During the period between 10 April 2019 to 2 May 2019, Man Shing Environmental Company Limited (the "Purchaser"), one of the wholly-owned subsidiaries of the Company, entered into a total of fifteen sale and purchase agreements with three vendors, namely Wo Shing Motor Company Limited ("Wo Shing"), Ascent Up Motors Limited ("Ascent Up") and Topwell Motors Company ("Topwell") respectively for the acquisition of fifteen vehicles at an aggregate consideration of HK$7,830,785, in which:

(i) twelve sale and purchase agreements were signed between the Purchaser and Wo Shing on 10 April 2019, 12 April 2019, 17 April 2019, 30 April 2019 and 2 May 2019 respectively for the acquisition of 12 vehicles at a sum of HK$6,642,900;

(ii) two sale and purchase agreements were signed between the Purchaser and Ascent Up on 30 April 2019 for the acquisition of 2 vehicles at a sum of HK$857,885; and

(iii) a sale and purchase agreement was signed between the Purchaser and Topwell on 30 April 2019 for the acquisition of a vehicle at a sum of HK$330,000.

In addition, on 30 May 2019, the Company through its indirectly wholly-owned subsidiary, Matrix International Investments Limited ("Matrix"), entered into a non-legally binding memorandum of understanding (the "MOU") with Lo Wing Keung ("Mr. Lo") and LCH Group Limited ("LCH Group"). Pursuant to the MOU, Matrix proposed to acquire, by itself or through its nominee, certain shares in Curtaman Property Management Limited ("Curtaman") as agreed with Mr. Lo, the sole shareholder and sole director of LCH Group, and LCH Group, the owner of the entire issued share capital of Curtaman.

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 Reporting Period are set out below:

Business objectives up to 31 March 2019	Actual business progress up to 31 March 2019
1. Sales and marketing activities to promote brand awareness	
– Employment of one senior marketing officer and two assistant marketing officers	During the year, the Group recruited one senior manager and two marketing officers with additional staff cost of approximately HK$901,000.
– Printing of company brochures and leaflets, advertising in newspapers and magazines, and bolstering company website	Hitherto we are making headway to bolster the company 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.

USE OF PROCEEDS OBTAINED FROM THE LISTING

As disclosed in the Prospectus, the Company intended to use the net proceeds obtained from the listing on 13 April 2017 (the "Listing") for the following purposes: (i) the 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) to be used as our Group's general working capital and other general corporate purposes. During the Reporting Period and up to the date of this report, (i) approximately HK$3,925,600 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$1,347,000 had been used to strengthen our sales and marketing activities; (iv) approximately HK$2,458,700 had been used 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. As at 31 March 2019, the unutilised proceeds of approximately HK$3,438,700 were deposited in a licensed bank in Hong Kong.

EXECUTIVE DIRECTORS

Mr. Wong Chong Shing (黃創成) ("Mr. C.S. Wong"), aged 54, 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 57, 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 29, 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 vice chairman of the Hong Kong Waste Disposal Industry Association for the year of 2018–2019.

Mr. C.H. Wong obtained a higher 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 78, 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 37 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 awarded by the Royal Institute of Public Administration International Limited in May 1992.

Mr. Au-Yeung Tin Wah (歐陽天華), aged 56, was appointed on 12 August 2016 as an independent non-executive director of the Company and is now acting as the Chairman of the Audit Committee and a member of the Risk Management Committee. Mr. Au-Yeung obtained a Professional Diploma in Accountancy in The Hong Kong Polytechnic (now The Hong Kong Polytechnic University) in 1987. He is a fellow member of the Hong Kong Society of Accountants and the Association of Chartered Certified Accountants. Mr. Au-Yeung had worked for a number of years for Pricewaterhouse and had acted as a financial manager of a listed company and a major private company respectively in Hong Kong. He has been a certified public accountant since 1994 and has over thirty years' experience in auditing, finance and administration. He is now the director of Lau & Au Yeung C.P.A. Limited. Furthermore, Mr. Au-Yeung has been acting as the independent non-executive director of AMVIG Holdings Limited (Stock Code: 2300) since 2006. Furthermore, Mr. Au-Yeung was appointed on 11 March 2014 and is currently acting as an independent non-executive director of Wai Chi Holdings Company Limited (Stock Code: 1305, a company listed on the Main Board of the Stock Exchange).

Mr. Chiu Ka Wai (招家煒), aged 58, 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 25 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 62, 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 worked as an executive director of Rich Goldman Holdings Ltd (formerly known as Neptune Group) listed in Main Board of Stock Exchange (Stock 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 (Stock 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 (Stock Code: 1027).

Mr. Chan Ngai Kam (陳毅鑫), aged 43, 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 40, 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 54, 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. Chan Shiu Kwong, Stephen (陳紹光), aged 62, was 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 complied with the code provisions of the CG Code throughout the Year. 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 had complied with the required standard of dealings set out in the Code of Conduct throughout the Year 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 operations 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
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 11 to 14 of this annual 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 (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. Mr. Au-Yeung Tin Wah is currently a fellow member of the Hong Kong Society of Accountants and the Association of Chartered Certified Accountants.

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 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, the Company held 21 formal meetings. Attendance of individual directors at the board meetings and the annual general meeting during the Year is as follows:

	Attendance/Number of meetings eligible to attend	
Name of Directors	**Board meeting**	**Annual general meeting**
Executive Directors		
Mr. Wong Chong Shing *(Chairman)*	20/20	1/1
Mr. Wong Man Sing *(Chief Executive Officer)*	20/20	1/1
Mr. Wong Chi Ho	20/20	1/1
Independent non-executive Directors		
Mr. Lee Pak Chung	20/20	1/1
Mr. Au-Yeung Tin Wah	20/20	1/1
Mr. Chiu Ka Wai	20/20	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 Chong Shing and Mr. Lee Pak Chung 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, all Directors participated in the following continuous professional development trainings during the Year:

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	✔	✔
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, 4 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.

After reviewing the audited consolidated financial statements ("Consolidated Financial Statements") of the Group for the Reporting Period, the audit committee was satisfied that the Consolidated Financial Statements of the Group were prepared in accordance with applicable accounting standards and legal requirements and fairly present the Group's financial position and results for the Reporting Period. The audit committee therefore recommended the Consolidated Financial Statements for the Reporting Period to be approved by 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.

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	4/4

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, the remuneration committee held 3 meetings. 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	3/3
Mr. Chiu Ka Wai	3/3
Mr. Lee Pak Chung	3/3

REMUNERATION OF 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 by band is as follows:

	Number of Individuals
Nil to HK$1,000,000	3
HK$1,000,001 to HK$1,500,000	1

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.

Board Diversity Policy

The nomination committee recognises the importance and benefits of diversity of Board members. The Board adopted the board diversity policy (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 nomination committee will assess the progress made towards achieving such measurable objectives, and will review such objectives annually to ensure their appropriateness. The nomination committee considered the composition of the Board was in compliance with the Board Diversity Policy.

Nomination Policy

The Group adopted a nomination policy (the "Nomination Policy") which provides the procedures, process and criteria of the nomination of Directors.

Selection criteria for nomination and appointment of Directors

When making any recommendations in relation to the appointment of any proposed candidate to the Board or re-appointment of any existing member(s) of the Board, the nomination committee shall consider, but without limitation, the following factors when evaluating the suitability of the proposed candidate:

- skills, expertise, competence, experience, education and professional qualifications, background and other personal attributes of the candidate that can best complement and expand the skill set and expertise of the Board as a whole;
- the ability to implement the Company's corporate strategy;
- commitment in respect of sufficient time, interest and attention to the Company's business;
- reputation for integrity;
- the ability to support and assist the management and make significant contributions to the Company's success; and
- any other factors as the nomination committee or the Board may deem relevant.

The nomination committee shall take into consideration the benefits of a diversified Board when selecting Board candidates.

If the candidate is proposed to be appointed as an independent non-executive director, he or she must comply with the independence requirements under the GEM Listing Rules. Such candidate shall be independent in character and judgment, and shall be able to act in the best interests of the Shareholders.

Nomination process and procedures

The process and procedures regarding the nomination of directors of the Company are set out as follows:

- If the Board considers that an additional or replacement director is required, it will identify suitable director candidates through various means, including referral from the members of the Board, management, advisors of the Company and external executive search firms;

- the nomination committee shall determine the suitable candidate for appointment with reference to the selection criteria set out above and the board diversity policy;

- in the context of re-appointment of retiring directors, the nomination committee shall assess and review the candidate's contributions and overall performance, and make recommendations to the Board and/or Shareholders for consideration in respect of his/her re-election in general meetings; and

- for any individual that is nominated by a shareholder of the Company for election as a director in the general meeting of the Company, the nomination committee and/or the Board shall evaluate such candidate with reference to the criteria mentioned above in deciding whether such candidate is qualified for directorship.

The Nomination Policy is subject to review by the Board from time to time to ensure its effectiveness and compliance with good corporate governance practice and regulatory requirements.

During the Year, the nomination committee of the Company held 2 meetings and has reviewed the structure, size and composition of the Board. Please refer to the table below for the attendance record of the meetings of the nomination committee during the Year:

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, including on areas of risk monitoring and risk mitigations. Further, it discussed and reviewed the risk assessment report prepared by Fuson CPA ("Fuson"), which identified the risks of the Group for the year ended 31 March 2019. The risk management committee proposed remedial measures to the Board based on such findings.

Please refer to the table below for the attendance record of the meetings of the risk management committee during the Year:

Name of Directors	**Attendance/ Number of risk management committee meetings held**
Mr. Wong Chong Shing	2/2
Mr. Lee Pak Chung	2/2
Mr. Au-Yeung Tin Wah	2/2

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) Human resources risks

In light of the increasingly fierce competition for talented staff, as well as a tight labour market for the environment cleaning sector, our Group faces difficulties in recruiting and retaining employees to sustain our business.

As such, our Group adopted the following measures to manage such risk:

- developing plans to match existing and future human resources needs with our business strategies;
- reviewing the competitiveness of our employee remuneration packages regularly;
- providing training courses to staff or offer financial assistance to them to attend recognized professional training programmes;

- establishing systems for internal rotation to ensure our business operations are supported by adequate personnel; and

- improving employer branding to attract and retain talents.

(ii) Business and operational risks

We are exposed to certain business and operational risks due to the following factors:

- fast-changing markets and technologies;

- increasing competition among local companies;

- rapid changes in the relevant government regulations and policies;

- the occurrence of work-related accidents;

- cyber security threats; and

- potential fraudulent and corrupt conduct related to employees.

To manage our business and operational risks, we formulated operational procedures and implemented initiatives which include:

- keeping abreast of the latest technological developments, such as technological advancement in automated plant and machinery as well as the development in artificial intelligence;

- implementing a customer relationship management programme to better understand the needs of customers, boost sales and enhance customer loyalty;

- devising business sustainability and crisis management plans;

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

- reviewing regularly on whether adequate insurance coverage is maintained for the Group's employees, business and properties;

- 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;

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

- 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); and

- ensuring staff to stay committed to the highest standards of integrity and accountability and educating staff on the importance of integrity, impartiality and honesty.

(iii) Financial risks

Furthermore, the Group is also exposed to a variety of financial risks, such as:

- credit risk associated with our account receivables and bank deposits;
- liquidity risk; and
- interest rate risk (as most of the Company's borrowings are floating-rate bank loans).

The Group thus implemented the following measures to manage the aforesaid financial risks:

- undertaking comprehensive credit assessments of prospective clients (except for government departments of Hong Kong);
- requiring payment on demand for companies with a smaller scale;
- reviewing 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;
- assigning bank exposure limits to mitigate concentration risk on our deposits/loan;
- when making deposits, select banks that possess sound financial strength and/or good credit ratings;
- maintaining closer relationships with banks and intermediaries;
- managing the maturity profile of deposits and loans to minimize refinancing risk;
- establishing and maintaining diversified channels of debt financing;
- maintaining an adequate cash buffer to meet the working capital requirements for our business operations in coming months; and
- striving to maintain a relatively conservative gearing ratio.

During the Year, the Group did not experience any shortfall in cash in satisfying any 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.

Currently, there is no internal audit function within the Group. The Board has reviewed the need for an internal audit function, and considered that in view of the nature, size and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to carry out the internal audit function for the Group. Nevertheless, the Board will continue to review the need for an internal audit function at least annually.

As such, the Group engaged Fuson to evaluate the effectiveness and adequacy of its risk management and internal control functions for the year ended 31 March 2019. Throughout the Year, Fuson 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 for review. Based on such findings, 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 of the Company was 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.

During the Year, 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	683
Non-audit services	150
Total fees paid/payable	833

COMPANY SECRETARY

Mr. Chan Shiu Kwong, Stephen is the company secretary appointed by the Company. In the opinion of the Board, Mr. Chan possesses the necessary qualifications and experience, and is capable of performing the functions as the company secretary of the Company. The Company will provide funds for Mr. Chan to take not less than 15 hours of appropriate professional training in each financial year as required under Rule 5.15 of the GEM Listing Rules.

Please refer to the section headed "Biographical Details of Directors and Senior Management" in this annual report for the details of his biography.

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 2019, 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 58 to 61 of this report.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy"). Under the Dividend Policy, in circumstances that the Group is profitable and without affecting the normal operations and business of the Group, the Company may consider declaring and paying dividends to the Shareholders.

The recommendation of any dividend payment is subject to the absolute discretion of the Board, and any declaration of final dividend shall be subject to the approval of the Shareholders. Any dividend distributions shall be made in accordance with the articles of association of the Company and all applicable laws and regulations.

Under the Dividend Policy, when considering whether to declare any dividends and in determining the dividend amount, the Board shall take into consideration the following factors: (i) the financial position of the Group; (ii) the market sentiment and circumstances; (iii) the capital and debt level of the Group; (iv) the Group's expected working capital requirements; (v) any cash requirements for any future expansion plans; (vi) any restrictions on dividend payouts imposed by any of the Group's lenders; and (vii) any other relevant factors that the Board may deem relevant and appropriate.

There is no assurance that any dividends will be proposed or declared in any particular amount for any specific reporting period. The Board shall review the Dividend Policy will from time to time and may exercise at its absolute and sole discretion to update, amend and/or modify the Dividend Policy at any time as the Board deems fit and necessary.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting ("AGM") of the Company will be held on Friday, 9 August 2019 at Basement 2, Unicorn & Phoenix Room, The Charterhouse, Causeway Bay, 209–219 Wanchai Road, Hong Kong. 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, 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.

The Board has pleasure in submitting this report together with the audited consolidated financial statements of the Group for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of the Group are providing environmental cleaning solutions in Hong Kong, including street cleaning solutions, building cleaning solutions, bus and ferry cleaning and other cleaning services such as pest control and fumigation. The activities of the Company's subsidiaries are also 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 is set out in note 5 to the consolidated financial statements.

FINANCIAL RESULTS

The financial performance of the Group for the Year and financial position of the Group as at 31 March 2019 are set out in the consolidated financial statements on pages 62 to 110 of this annual report.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the Year (2018: Nil).

BUSINESS REVIEW

A review of the Group's business and a discussion and analysis of the Group's performance during the Year, along with the material factors affecting its financial results and position are included in the section of "Management Discussion and Analysis" on pages 5 to 10 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to promoting environmental protection and minimizing the impact of our operation and services on the environment. The Group has adopted measures to fulfil our environmental objectives in the course of our business operations 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 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 operations of the Group. To the best of the Directors' information and knowledge, there was no material non-compliance or breach of any applicable laws and regulations that have a significant impact on the Group's business and operations for the Year 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 lies in 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, exchanged ideas and shared business updates with our business partners whenever appropriate. During the Year, the Group did not have any material dispute with our business partners.

KEY RISKS 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. Increase in direct labour cost, third party labour cost, finance cost and bad debts would erode the low net profit margin of our business. Where 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 in order to offer more competitive tender proposal and any failure to reduce our costs accordingly may result in downward pressure on our profit margins.

Another risk exposure is where we derive a significant percentage of our revenue from our major customers, and in particular, from the government department 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 necessary, to control and mitigate these risks.

(3) Compliance Risk

The Board adopts sufficient procedures to prevent the Group to be exposed to any risks that would undermine our compliance with any applicable laws, rules and regulations. The Group engages consultants and professional advisers to keep us abreast of the latest development in the regulatory regime of Hong Kong, including but not limited to legal, financial, environmental, labour and insurance and operational developments.

Also the Board regularly reviews our policy in prohibiting any unauthorised use or dissemination of confidential or inside information.

4) Operational Risk

The Group has strengthened its procedures to measure its operational risks such as inappropriate material procurement, efficiency of manpower utilisation, 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 that such systems are efficient and effective and reduce the exposure to operational risks.

MAJOR PROJECTS AND EVENTS

Details regarding major projects undertaken by the Group and the major events that have taken place during the Year are disclosed under the section headed "Management Discussion and Analysis" as set out on pages 5 to 10 of this annual report.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2019 are set out in note 35 to the consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results of the Group for the past five financial years are set out on page 3 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

Details of the Company's share capital during the Year 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.

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 are 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 existing Shareholders.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed herein, at no time during the Year was the Company or any of its subsidiaries a party to any arrangements that would enable a Director or the chief executive of the Company 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 chief executive of the Company or any of their spouses or children under 18 years of age was granted any right to subscribe for the equity or debt securities of the Company, or had exercised any such right during the Year.

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 2019, the interests and short position 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 Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (the "SFO") which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including 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 Rule 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 2019, 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 2019, so far as is known to the Directors or the chief executive of the Company, the following persons other than a Director or chief executive of the company had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

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. 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 2019, 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 (the "Compliance Adviser") as our compliance adviser to 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 the Compliance Adviser dated 13 April 2018, neither our Compliance Adviser nor its directors, employees or close associates had any interests in the Group which is required to be notified to the Company 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, N. T., Hong Kong ("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 the 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.

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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Year, 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 and of the Group during the Year are set out in the consolidated statement of changes in equity on page 64 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the aggregate amount of purchases attributable to our Group's five largest suppliers represented approximately 1.3% of our Group's total purchases. The amount of purchases from our Group's largest supplier represented approximately 0.6% of our Group's total purchases.

Meanwhile, the aggregate amount of revenue attributable to our Group's five largest customers represented approximately 76.5% of our Group's total revenue. The amount of revenue from our Group's largest customer represented approximately 53.2% 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 who held office during the Year and up to the date of this report were as follows:

Executive Directors:	Mr. Wong Chong Shing *(Chairman)* Mr. Wong Man Sing *(Chief Executive Officer)* Mr. Wong Chi Ho
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 the senior management, please refer to pages 11 to 14 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 ("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 Chong Shing and Mr. Chiu Ka Wai 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, its holding company or any of their respective subsidiaries which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

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 Year and remained in force as of the date of this report. The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed herein, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, its holding company or any of the Company's subsidiaries was a party, and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

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 the senior management of the Group, having regard to the Group's operating results, individual performance of the Directors and the senior management and comparable market practices. Details of the emoluments of the Directors and the five highest paid individuals during the Year are set out in note 10 in 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 during the Year.

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 to the best of 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 15 to 29 of this annual report.

CLOSURE OF THE REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders who are entitled to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Tuesday, 6 August 2019 to Friday, 9 August 2019, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 5 August 2019.

EVENTS AFTER THE REPORTING PERIOD

During the period between 10 April 2019 to 2 May 2019, Man Shing Environmental Company Limited (the "Purchaser"), one of the wholly-owned subsidiaries of the Company, entered into a total of fifteen sale and purchase agreements with three vendors, namely Wo Shing Motor Company Limited ("Wo Shing"), Ascent Up Motors Limited ("Ascent Up") and Topwell Motors Company ("Topwell") respectively for the acquisition of fifteen vehicles at an aggregate consideration of HK$7,830,785, in which:

(i) twelve sale and purchase agreements were signed between the Purchaser and Wo Shing on 10 April 2019, 12 April 2019, 17 April 2019, 30 April 2019 and 2 May 2019 respectively for the acquisition of 12 vehicles at a sum of HK$6,642,900;

(ii) two sale and purchase agreements were signed between the Purchaser and Ascent Up on 30 April 2019 for the acquisition of 2 vehicles at a sum of HK$857,885; and

(iii) a sale and purchase agreement was signed between the Purchaser and Topwell on 30 April 2019 for the acquisition of a vehicle at a sum of HK$330,000.

In addition, on 30 May 2019, the Company through its indirectly wholly-owned subsidiary, Matrix International Investments Limited ("Matrix"), entered into a non-legally binding memorandum of understanding (the "MOU") with Lo Wing Keung ("Mr. Lo") and LCH Group Limited ("LCH Group"). Pursuant to the MOU, Matrix proposed to acquire, by itself or through its nominee, certain shares in Curtaman Property Management Limited ("Curtaman") as agreed with Mr. Lo, the sole shareholder and sole director of LCH Group, and LCH Group, the owner of the entire issued share capital of Curtaman.

Mr. Wong Man Sing
Chief Executive Officer
25 June 2019

Man Shing presents this Environmental, Social and Governance ("ESG") Report for the year ended 31 March 2019, which is prepared in accordance with Appendix 20 – Environmental, Social and Governance Reporting Guide to the GEM Listing Rules, the content of which covers the Group's principal business activities, namely cleaning and pest management services in Hong Kong. This report addresses the ESG policies and measures adopted by the Company, and discloses the information and data regarding the Company's approach in managing the key ESG aspects. We believe this report would allow our stakeholders to gain a better understanding of the Group's strategies and progress in relation to the management of ESG issues.

A. ENVIRONMENTAL PROTECTION

Emissions

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. As a company providing cleaning and pest management services, we hugely rely on our large vehicle fleet and machineries. Strictly abiding by all the relevant environmental laws and regulations, Man Shing is highly committed to controlling air and greenhouse gas emissions, discharges into water and land as well as generation of hazardous and non-hazardous waste in our business operations. During the Reporting Period, Man Shing has not identified any material cases of non-compliance on relevant environmental laws and regulations.

Our air pollutant emissions were mainly contributed by motor vehicles. Hence, Man Shing has incorporated the principle of reduction in vehicle emissions into our sustainable business practice.

We have adopted the following measures to reduce the emissions of vehicles:

- select green vehicles;
- use low sulphur and lead-free fuel whenever possible;
- conduct regular inspection and maintenance of vehicles; and
- require vehicles to switch off idling engines.

The types of Man Shing's vehicle fleet are set forth as follows:

	2017 to 2018		**2018 to 2019**	
Type of Vehicle	(Euro III)	(Euro IV/V/VI)	**(Euro III)**	**(Euro IV/V/VI)**
Water Wagons	0	17	**0**	**16**
Vacuum Tankers	1	1	**0**	**2**
Hook-lift Trucks	0	2	**0**	**2**
Grab Lorries	0	8	**0**	**8**
Tail-lift Trucks	0	9	**0**	**9**
Tail-lift Tipper Trucks	0	7	**0**	**5**
Tipper Trucks	0	2	**0**	**3**
Light Goods Van	1	17	**0**	**18**
Refuse Compaction Vehicles	0	0	**0**	**0**
Lorries	0	1	**0**	**1**
Suction Sweeper	0	1	**0**	**1**
Highway Arrow Vehicles	0	2	**0**	**2**

Carbon Emissions of our Specialized Vehicles

Comparison between 2017–2018 and 2018–2019

Total number of vehicles	2017–2018 Fuel consumption per year (liter)	Carbon emissions per year (tonnes)
69	671,652	1,746.3
Total number of vehicles	**2018–2019 Fuel consumption per year (liter)**	**Carbon emissions per year (tonnes)**
67	**446,189**	**1,202.8**

It can be noted from the above data that all of Man Shing's vehicles (67 vehicles) 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.

During the Year, the fuel consumption was 446,189 liters while 1,202.8 tonnes of carbon emissions were generated. It indicates that Man Shing has put a great amount of effort in reducing carbon emissions (representing a decrease of 543.5 tonnes in direct carbon emissions compared to that of last year) arising from its business operations.

Our total carbon emissions during the Year are as follows:

– Direct emissions: 1,202.8 tCO2e

– Indirect emissions: 31 tCO2e

– Total emissions: 1,233.8 tCO2e

– Intensity (tCO2e/revenue (HK$'000)): 0.0036

Use of Resources

During the Year, the energy consumption was as follows:

Type of energy	2018–2019
Purchased electricity	**42,487 (kilowatt)**
Gasoline	**23,105 (kilowatt)**
Total energy consumption	**65,592**
Energy intensity (kWh/square metre)	**213**

The energy consumption of the Group mainly comes from purchased electricity. In light of the scarcity of energy, the Group has implemented a number of energy conservation measures, including:

- educate the employees to raise awareness about electricity saving;
- switch off electronic devices when not in use/before leaving the office;
- monitor the energy consumption of each department regularly and actively explore ways to reduce such consumption;
- use air conditioning only when the room temperature is above 25°C;
- when using equipment, switch to power-saving mode whenever possible;
- adjust computer settings to turn off the screen automatically after 30 minutes of inactivity; and
- continuously review the production process to enhance produce efficiency and reduce energy consumption.

Other major resources consumed by our Group include water and paper used at our office. The following table summarizes our consumption of water and paper during the Reporting Period:

Types of resources consumption	2017–2018	**2018–2019**
Water consumption	46 (cubic meter)	**44 (cubic meter)**
Water intensity (cubic meters/square feet)	0.014	**0.013**
Paper consumption (A4 paper)	885 (packs of 500 sheets each)	**915 (packs of 500 sheets each)**
Total Emissions	34 tonnes	**31 tonnes**

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

Owing to our business operation model and contract terms with clients, our electricity and water consumed 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 Shing actively encourages and assists our clients to use resources in an eco-friendly manner, which is to consume electricity and water no more than necessary.

We continue to use our best endeavours 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 was reduced by 5,320 kilowatt when compared to that of 2017–2018. The water consumption also decreased by 4% this year as compared to that of 2017–2018, indicating the Group's efforts in conserving water through implementing the aforementioned water-saving strategies.

We prioritise the use of easily degradable and recyclable materials in our business operations to minimize the amount of hazardous and non-hazardous waste produced. In addition, we provide training to employees and perform regular reviews on the proper disposal of waste in order to help reduce environment and ecological impacts. During the Year, no material hazardous waste was produced. Furthermore, the amount of non-hazardous waste generated by the Group for the Year was 251 tonnes, representing a decrease of 2.5 tonnes compared to the year ended 31 March 2018. 207 tonnes of paper, 12 tonnes of iron steel wastes and 32 tonnes of plastic materials were collected and delivered to waste collectors/recyclers. The intensity of non-hazardous waste (tonnes/square feet) is 0.076.

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

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. At the same time, the Group is committed to nurturing a strong, dynamic and dedicated team, and focuses on employee development to support their career advancement.

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 objectives 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**	
	2017–2018	**2018–2019**	2017–2018	**2018–2019**
Senior management	37.5%	**40.5%**	30 hours	**33.5 hours**
Middle management	17%	**7.5%**	5 hours	**7.5 hours**
Front-line staff	100%	**100%**	Less than 1 hour	**Less than 1 hour**

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.

We do not tolerate any forms of discrimination and harassment in the workplace. Employees can lodge complaints to their respective department manager or the Human Resources Manager in they are involved in any discrimination and/or harassment in the workplace. The Group will investigate the incident, and such investigation shall be kept confidential. Upon the findings of such investigation, the respondent employee may be subject to disciplinary actions, including warning, suspension and dismissal.

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 race, gender, age, marital status, disability, religion beliefs, nationality, sexual orientation and political affiliations 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 to their personal needs.

Employee Turnover Rate

The average turnover rate for employees during the Year was 10.26%. The major reason for employees aged 51 or above having a higher turnover rate 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 effectively attract and 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 2017–2018 and 2018–2019

	2017–2018	**2018–2019**
Average employee age	51	**58**
Turnover rate	6.48%	**10.26%**

Comparison of the Employees' Age Distribution Comparison between 2017–2018 and 2018-2019

Age Group	**No of Employee**		**Percentage %**	
	2017–2018	**2018–2019**	2017–2018	**2018–2019**
30 or below	89	**80**	2.9%	**3.4%**
31 to 50	465	**426**	15.6%	**18.3%**
51 or above	2,426	**1,828**	81.4%	**78.3%**
	2,980	**2,334**		

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:

	2017–2018	**2018–2019**
Part-Time Employees	Less than 1%	**Less than 1%**
Full-Time Employees	More than 99%	**More than 99%**
Total number of Employees	2,980	**2,334**

The following table shows the employees' gender distribution:

	2017–2018	**2018–2019**
Male Employees	1,149	**922**
Female Employees	1,831	**1,412**
Total number of Employees	2,980	**2,334**

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

	2017–2018	**2018–2019**
Office Staff	22	**24**
Front-line Technical Staff	21	**23**
Front-line Non-technical staff	2,937	**2,287**
Total number of Employees	2,980	**2,334**

C. OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety is of top priority for Man Shing's operations. Our occupational health and safety management system is accredited with OHSAS 18001, the Occupational Health and Safety Assessment Series. Further, the Group's occupational health and safety practices are formulated and implemented in accordance with the guidelines laid out by the Labour Department of Hong Kong. We strive to minimise the occupational health and safety risks imposed to our employees.

We have implemented a set of workplace safety measures to protect our employees, including but not limited to:

- employees are required to undergo training on the operation of relevant tools and machinery before they can work on site;
- a safety manual has been issued to our employees to enhance their knowledge and awareness of work safety (such as details on the proper use of protective equipment);
- supervisors are responsible for monitoring the operations and to respond immediately in cases of emergency;
- the Group's management conducts periodic risk assessments in order to identify, evaluate and mitigate any potential risks from workplace in a timely manner; and
- employees are always encouraged to express their views and opinions on the safety procedures to the Group's management.

Below is a record of the work-related accidents that occurred during the Reporting Period:

	2017–2018	**2018–2019**
Total no. of work-related accidents	95 cases	**56 cases**
Total no. of work-related fatalities	0 case	**0 case**
Total no. of working days involved	1,087,700 days	**851,910 days**
Total of working days lost due to work-related accidents	6,611 days	**3,500 days**

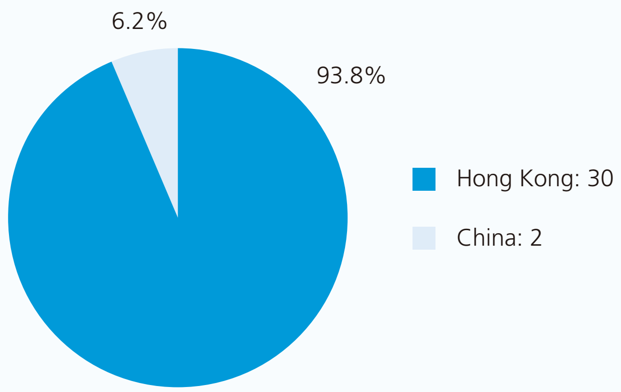
During the Reporting Period, Man Shing has not identified any material cases of non-compliance on health and safety related laws and regulations and protecting its employees from occupational hazards.

D. SUPPLY CHAIN MANAGEMENT & GREEN PROCUREMENT

Man Shing recognizes the significance of supply chain management as an efficient supply chain would allow the Company to reduce its costs and improve its service quality and delivery. Man Shing thus closely monitors its supply chain and has implemented a sustainable procurement practice. Over the course of selecting new suppliers, authorized management personnel is required to analyse the quality and durability of the suppliers' products, service quality, price competitiveness, and sustainability effort 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 AND 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 complaints 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 (Cap. 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 laws and regulations related to service quality and data privacy.

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 laws and regulations related to bribery, extortion, fraud and money laundering.

H. COMMUNITY INVOLVEMENT

As a company that is well aware of its corporate social responsibility, we understand that shareholder benefits should not be our only consideration. Aiming for a continuous improvement, we acknowledge the importance of stakeholder engagement. We shall work with different stakeholders to improve our business practices and maintain our relationships with them by addressing their concerns. We identified key stakeholder groups from our business operations, including shareholders, employees, customers, creditors, business partners, service providers, suppliers and the community. The Group is committed to establishing open and transparent communication channels to understand their expectations and needs. The following table illustrates the methods that we use to communicate with stakeholders:

Stakeholder group	Engagement methods
Customer	• A complaint handling mechanism is in place to ensure that customer complaints are properly managed, thereby improving customer satisfaction
Employee	• Establish employee complaint mechanisms to understand the opinions of employees' • Understand the day-to-day management of the Company through daily communications and monthly meetings
Shareholders	• Communicate effectively with our investors through annual and special general meetings
Business partners and service providers	• Arrange regular meetups to understand their ongoing business strategies and performance
Community	• Encourage employees to participate in charitable activities

Moreover, Man Shing always bears in mind to serve and give back to the society. We actively encourage our employees and other stakeholders to support the community through participating in charitable events. Our employees engaged in various community activities such as public fundraising, donations, sponsorships and volunteering services.

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. 42 to P. 45
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection	P. 42 to P. 45
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. 43
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 material 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. 45
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection	P. 42
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Protection	P. 45

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. 44 to P. 45
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. 44
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection	P. 45
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection	P. 44 to P. 45
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. 45
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection	P. 45
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. 42 to P. 45
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. 42 to P. 45

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. 46 to P. 48
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Caring for Employees	P. 48
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Caring for Employees	P. 47
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. 48 to P. 49
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 3,500 days.	P. 49
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety	P. 49

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. 46
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Caring for Employees	P. 46
KPI B3.2	The average training hours completed per employee by gender and employee category.	Caring for Employees	P. 46
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.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	No such incidents were reported during the Reporting Period.	
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. 49 to P. 50
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management & Green Procurement	P. 50
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. 49

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. 50
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 products and therefore, recall procedures are not necessary.	N/A
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Privacy Policy 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. 50

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.	Anti-corruption and Anti-fraud 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. 51
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.	Anti-corruption and Anti-fraud	P. 51
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. 51
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	N/A

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

TO THE SHAREHOLDERS OF MAN SHING GLOBAL HOLDINGS LIMITED
萬成環球控股有限公司
(incorporated in the 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 62 to 110, which comprise the consolidated statement of financial position as at 31 March 2019, 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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Estimated impairment of trade receivables

Refer to note 14 to the consolidated financial statements and the accounting policies in note 3.

The key audit matter	How the matter was addressed in our audit
As at 31 March 2019, the carrying amount of trade receivables was approximately HK$45,334,000, net of loss allowance of HK$474,000. Management estimated the expected credit losses based on information including credit profile of different customers, loss experience, settlement history, financial capability of its customers, current market situation and forward-looking information that is available without undue costs or effort. We have identified impairment on trade receivables as a key audit matter because the assessment involves significant degree of management judgement and may be subject to management bias.	Our audit procedures were designed to challenge the assumptions and critical judgements of the Group's forward-looking expected credit losses model on impairment assessment of trade receivables. We have assessed, on a sample basis, whether items in the trade receivables ageing report were classified within the appropriate ageing category by comparing individual items in the report with the relevant invoices; tested the reasonableness of the historical default data and evaluated whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and tested the subsequent settlements of trade receivables as at 31 March 2019.

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
25 June 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2019

	Notes	**2019** **HK$'000**	2018 HK$'000
Revenue	*5*	**342,144**	423,494
Cost of sales		**(314,798)**	(396,692)
Gross profit		**27,346**	26,802
Other income	*6*	**2,481**	2,606
Administrative expenses		**(25,493)**	(36,300)
Finance costs	*7*	**(1,467)**	(2,721)
Profit (loss) before tax		**2,867**	(9,613)
Income tax expenses	*8*	**(641)**	(411)
Profit (loss) and other comprehensive income (expense) for the year attributable to owners of the Company	*9*	**2,226**	(10,024)
Earnings (loss) per share (HK cents)			
Basic and diluted	*12*	**0.37**	(1.68)

Consolidated Statement of Financial Position

At 31 March 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current asset			
Plant and equipment	13	**10,955**	12,645
Current assets			
Trade receivables	14	**45,334**	49,548
Prepayments, deposits and other receivables	15	**6,889**	4,803
Tax recoverable		**1,591**	3,536
Pledged bank deposits	16	**20,159**	30,643
Bank balances and cash	16	**33,448**	28,640
		107,421	117,170
Current liabilities			
Trade payables	17	**9,154**	9,407
Accruals and other payables	18	**22,906**	25,163
Tax payables		**42**	17
Obligations under finance leases	19	**2,755**	3,563
Bank and other borrowings	20	**11,975**	25,306
		46,832	63,456
Net current assets		**60,589**	53,714
		71,544	66,359
Capital and reserves			
Share capital	23	**6,000**	6,000
Reserves		**52,830**	50,916
		58,830	56,916
Non-current liabilities			
Obligations under finance leases	19	**4,623**	6,493
Long service payment obligations	21	**4,188**	2,815
Deferred tax liabilities	22	**583**	135
Other borrowings	20	**3,320**	–
		12,714	9,443
		71,544	66,359

The consolidated financial statements on pages 62 to 110 were approved and authorised for issue by the board of directors on 25 June 2019 and are signed on its behalf by:

Wong Chong Shing	**Wong Man Sing**
Director	*Director*

Consolidated Statement of Changes in Equity

For the year ended 31 March 2019

	Notes	**Share capital** HK$'000	**Share premium** HK$'000	**Other reserve** HK$'000 *(note i)*	**Retained earnings** HK$'000	**Total** HK$'000
1 April 2017		380	9,220	110	18,367	28,077
Capitalisation issue	*23(i)*	4,120	(4,120)	–	–	–
Issuance of shares	*23(ii)*	1,500	46,500	–	–	48,000
Capitalisation of issuance cost	*23(ii)*	–	(9,137)	–	–	(9,137)
Loss and total comprehensive expense for the year		–	–	–	(10,024)	(10,024)
At 31 March 2018		6,000	42,463	110	8,343	56,916
HKFRS 9 adjustment (Note 2)		–	–	–	(312)	(312)
At 1 April 2018		6,000	42,463	110	8,031	56,604
Profit and total comprehensive income for the year		–	–	–	2,226	2,226
At 31 March 2019		**6,000**	**42,463**	**110**	**10,257**	**58,830**

Note:

(i) 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 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
Profit (loss) before tax	**2,867**	(9,613)
Adjustments for:		
Finance costs	**1,467**	2,721
Bank interest income	**(80)**	(75)
Gain on disposal of plant and equipment	**(2,358)**	(2,492)
Provision for the long service payment obligations	**2,931**	1,347
Impairment loss recognised in respect of trade receivables	**162**	–
Depreciation for plant and equipment	**4,799**	7,717
Operating cash flow before working capital changes	**9,788**	(395)
Decrease in trade receivables	**3,740**	5,908
(Increase) decrease in prepayments, deposits and other receivables	**(2,086)**	7,989
Decrease in trade payables	**(253)**	(2,600)
Decrease in accrual and other payables	**(2,257)**	(18,468)
Long service payment	**(1,558)**	(2,916)
Cash generated from (used in) operations	**7,374**	(10,482)
Profits tax refunded (paid)	**1,777**	(5,396)
Interest paid	**(1,467)**	(2,138)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**7,684**	(18,016)
INVESTING ACTIVITIES		
Bank interest income	**80**	75
Placement of pledged bank deposit	**(42,404)**	(5,223)
Withdrawal of pledged bank deposit	**52,888**	–
Sales proceed on disposal on plant and equipment	**3,310**	2,606
Purchase of plant and equipment	**(2,262)**	(1,120)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**11,612**	(3,662)
FINANCING ACTIVITIES		
Repayments of obligations under finance lease	**(4,477)**	(6,157)
Repayment of bank and other borrowings	**(198,334)**	(326,815)
New borrowings raised	**188,323**	327,368
Proceed from issuance of shares	**–**	48,000
Expenses paid for issuance of shares	**–**	(9,137)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(14,488)**	33,259
NET INCREASE IN CASH AND CASH EQUIVALENTS	**4,808**	11,581
CASH AND CASH EQUIVALENTS AT 1 APRIL 2018	**28,640**	17,059
CASH AND CASH EQUIVALENTS AT 31 MARCH 2019	**33,448**	28,640

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") since 13 April 2017.

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 solutions including street cleaning solution, 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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and amendments to HKFRSs, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

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

HKFRS 9 Financial Instruments

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

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

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

HKFRS 9 Financial Instruments (Continued)

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

Accounting policies resulting from application of HKFRS 9 are disclosed in Note 3.

Classification and measurement of financial instruments

The directors of the Company reviewed and assessed the Group's existing financial assets and liabilities as at 1 April 2018 based on the facts and circumstances that existed at that date and concluded that all recognised financial assets and financial liabilities that are within the scope of HKFRS 9 are continued to measure at amortised cost as were previously measured under HKAS 39.

Loss allowance for expected credit losses ("ECL")

The adoption of HKFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss model with a forward-looking ECL approach. As at 1 April 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirement of HKFRS 9.

As at 1 April 2018, an additional allowance on the Group's trade receivables of HK$312,000, have been recognised, thereby reducing the opening retained earnings of HK$312,000.

Summary of effects arising from initial application of HKFRS 9

The table below summarises the impact of transition to HKFRS 9 on retained earnings at 1 April 2018.

	Retained earnings HK$'000
Balance at 31 March 2018 as originally stated	8,343
Effect arising from initial application of HKFRS 9	
Recognition of additional expected credit losses	(312)
Opening balance at 1 April 2018	8,031

HKFRS 15 Revenue from contracts with customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations. The new standard established a five-step model for determining whether, how much and when revenue is recognised.

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

HKFRS 15 Revenue from contracts with customers (Continued)

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 April 2018 and comparative information is not restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and the related interpretations.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognise revenue from provision of services. The adoption of HKFRS 15 does not have significant impact on the retained earnings and the consolidated statement of financial position as at 1 April 2018.

The Group's accounting policies for its revenue streams are disclosed in details in note 3 below.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs and interpretation that have been issued but are not yet effective.

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS	Annual Improvements to HKFRSs 2015–2017 Cycle[1]
Amendments to HKFRS 3	Definition of a Business[5]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective date not yet been determined.
5 Effective for business combinations and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements of the Group.

2. APPLICATION OF NEW AND AMENDMENTS TO 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 "Lease". 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.

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets and liabilities depending on whether the Group presents right-of-use assets and lease liabilities separately or within the same line item at which the corresponding underlying assets or liabilities would be presented if they were owned.

As at 31 March 2019, the Group has non-cancellable operating lease commitments of HK$354,000 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 lease 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. Other than disclosed above, the directors of the Company anticipate that the application of HKFRS 16 will have no other material impact on the results and the financial position of the Group.

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 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 where 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 over the investee to affect the amount of the Group's returns.

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

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

Policy applicable to the year ended 31 March 2019 (with application of HKFRS 15)

Revenue is recognised to depict the transfer of the promised services to customers at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those services to a customer. Specifically, the Group uses a five-step approach to recognise revenue:

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

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the services underlying the particular performance obligations is transferred to customer.

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

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

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

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

The Group provides environmental cleaning solutions including street cleaning solution, building cleaning solutions, bus and ferry cleaning solutions and other cleaning services in Hong Kong. The customers of the Group simultaneously receive and consume the benefits provided by the Group's performance as the Group performs and thus these income are recognised over time.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Policy applicable to the year ended 31 March 2018

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.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 (loss) 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 deferred tax 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

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.

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 in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments.

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 (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Classification and subsequent measurement under HKFRS 9 (applicable on or after 1 April 2018)

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group's financial assets are classified at financial assets at amortised cost.

<u>Financial assets at amortised cost (debt instruments)</u>

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

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

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement under HKFRS 9 (applicable on or after 1 April 2018) (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment.

(i) Amortised cost and 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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "Other income" line item (note 6).

Impairment of financial assets

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement under HKFRS 9 (applicable on or after 1 April 2018) (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular debtor, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement under HKFRS 9 (applicable on or after 1 April 2018) (Continued)

Impairment of financial assets (Continued)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement under HKFRS 9 (applicable on or after 1 April 2018) (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018)

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 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)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 April 2018) (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 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 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 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 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, bank and other 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.

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 is recognised in profit or loss.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 at the end of 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.

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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

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.

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 2019, the carrying amount of the long service payment obligations was approximately HK$4,188,000 (2018: HK$2,815,000).

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 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 2019, the carrying amount of plant and equipment were approximately HK$10,955,000 (2018: HK$12,645,000). No impairment had been recognised as at 31 March 2019 (2018: nil).

Provision of ECL for trade receivables

The impairment provisions for trade receivables are based on assumptions about ECL. The management exercised judgements on estimating the level of expected credit losses based on information including credit profile of different customers, loss experience, settlement history, financial capability of its customers, current market situation and forward-looking information that is available without undue costs or effort. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. The information about the ECL and the Group's trade receivables are disclosed in Note 14.

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:

Revenue from contracts with customers within the scope of HKFRS 15 disaggregated by service lines for the year ended 31 March 2019:

	2019	2018*
	HK$'000	HK$'000
Street cleaning solutions	**182,065**	285,170
Building cleaning solutions	**101,585**	105,960
Bus and ferry cleaning solutions	**45,200**	24,757
Other cleaning services	**13,294**	7,607
	342,144	423,494

* The amounts for the year ended 31 March 2018 were recognised under HKAS 18.

During the year ended 31 March 2019, the Group's revenue is recognised over time.

Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 March 2019 and the expected timing of recognising revenue are as follows:

	Cleaning services for government and public utility customers	**Cleaning services for non-government and non-public utility customers**
	HK$'000	HK$'000
Within one year	145,234	34,707
More than one year but not more than two years	33,462	732
More than two years	5,042	–
	183,738	35,439

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment revenues, results, assets and liabilities

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 2019 and 2018 comprehensively. Accordingly, the Group does not present separately segment information.

Geographical information

The Group is organised into a single operating segment and all revenue are derived from Hong Kong and all the assets are located in Hong Kong.

Information about major customers

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

	2019	2018
	HK$'000	HK$'000
Customer A	**182,065**	285,170

6. OTHER INCOME

	2019	2018
	HK$'000	HK$'000
Bank interest income	**80**	75
Gain on disposal of plant and equipment	**2,358**	2,492
Sundry income	**43**	39
	2,481	2,606

7. FINANCE COSTS

	2019	2018
	HK$'000	HK$'000
Interest on:		
Bank and other borrowings	**887**	2,095
Obligations under finance leases	**580**	626
	1,467	2,721

8. INCOME TAX EXPENSES

	2019 HK$'000	2018 HK$'000
Current tax:		
Hong Kong Profits Tax	**193**	1,156
Deferred tax *(note 22)*	**448**	(745)
	641	411

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

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. For the year ended 31 March 2019, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5% (2018: a single tax rate of 16.5% was applied).

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

	2019 HK$'000	2018 HK$'000
Profit (loss) before tax	**2,867**	(9,613)
Tax on profit (loss) before taxation	**473**	(1,586)
Tax effect of expenses not deductible for tax purpose	**755**	2,126
Tax effect of income not taxable for tax purpose	**(402)**	(99)
Tax effect on two-tiered profits tax rates regime *(note i)*	**(165)**	–
Effect of tax exemption granted *(note ii)*	**(20)**	(30)
Income tax expenses for the year	**641**	411

8. INCOME TAX EXPENSES (CONTINUED)

Notes:

(i) The calculation of Hong Kong Profits Tax has taken into consideration the two-tiered profits tax rate regime as mentioned above for the year ended 31 March 2019, whereas a single tax rate of 16.5% was applied for the year ended 31 March 2018.

(ii) Tax exemptions represented reduction of Hong Kong Profits Tax for the year of assessment of 2017/2018 and 2018/2019 by 75%, subject to a ceiling of HK$30,000 and HK$20,000 respectively per case.

9. PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after charging:

	2019 **HK$'000**	2018 HK$'000
Staff costs (including directors' remuneration)		
Wages, salaries and other benefits	**266,275**	341,205
Retirement benefits scheme contributions	**7,496**	10,832
Provision for long service payments	**2,931**	1,347
Redundancy costs	**845**	2,794
Total staff costs	**277,547**	356,178
Auditors' remuneration	**683**	700
Listing expenses	**–**	7,509
Depreciation of plant and equipment:		
– owned by the Group	**747**	687
– held under finance leases obligation	**4,052**	7,030
Minimum lease payments under operating leases in respect of offices	**363**	334

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	Discretionary bonus HK$'000	Contributions to retirement benefits scheme HK$'000	Total HK$'000
For the year ended 31 March 2019					
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 & iii)*	–	1,242	81	18	1,341
Mr. Wong Chong Shing *(Note iii)*	–	1,242	81	18	1,341
Mr. Wong Chi Ho *(Note iii)*	–	621	41	18	680
Independent non-executive directors					
Mr. Lee Pak Chung	150	–	–	–	150
Mr. Au-Yeung Tin Wah	150	–	–	–	150
Mr. Chiu Ka Wai	150	–	–	–	150
	450	3,105	203	54	3,812

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 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)*	–	80	–	80
Independent non-executive directors				
Mr. Lee Pak Chung	150	–	–	150
Mr. Au-Yeung Tin Wah	150	–	–	150
Mr. Chiu Ka Wai	150	–	–	150
	450	2,840	54	3,344

Notes:

(i) Mr. Wong Man Sing is the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

(ii) Mr. Chan Sing Yi Jacky has resigned as executive director on 18 September 2017.

(iii) Discretionary bonus is determined based on individual performance.

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 2019 and 2018.

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

(b) Employees' emoluments

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

	2019 **HK$'000**	2018 HK$'000
Salaries and allowances	**1,796**	1,882
Retirement benefits scheme contributions	**36**	42
	1,832	1,924

Their emoluments were within the following band:

	2019	2018
Nil to HK$1,000,000	**1**	3
HK$1,000,001 to HK$1,500,000	**1**	–

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 2019 and 2018.

11. DIVIDENDS

No dividend was paid or proposed by the Group for the years ended 31 March 2019 and 2018, or has any dividend been proposed since the end of the reporting period.

12. EARNINGS (LOSS) PER SHARE

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

	2019 **HK$'000**	2018 HK$'000
Earnings (loss)		
Profit (loss) for the year attributable to owners of the Company, used in the basic earnings (loss) per share calculation	**2,226**	(10,024)

12. EARNINGS (LOSS) PER SHARE (CONTINUED)

	Number of shares	
	2019	2018
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings (loss) per share calculation *(note)*	**600,000**	595,068

Note:

The weighted average number of ordinary shares in issue used in the basic earnings (loss) per share calculation for the year ended 31 March 2018 was determined on the assumption that capitalisation issue as described in the prospectus of the Company dated 30 March 2017 had been effective on 1 April 2017.

The diluted earnings (loss) per share is equal to the basic earnings (loss) per share as there are no dilutive potential ordinary shares outstanding during the years ended 31 March 2018 and 2019.

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 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 and 1 April 2018	1,018	8,480	365	44,225	54,088
Addition	51	2,199	12	1,799	4,061
Disposal	–	–	–	(6,827)	(6,827)
At 31 March 2019	**1,069**	**10,679**	**377**	**39,197**	**51,322**
ACCUMULATED DEPRECIATION					
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 and 1 April 2018	813	7,199	345	33,086	41,443
Charge for the year	142	596	9	4,052	4,799
Disposal	–	–	–	(5,875)	(5,875)
At 31 March 2019	**955**	**7,795**	**354**	**31,263**	**40,367**
CARRYING VALUES					
At 31 March 2019	**114**	**2,884**	**23**	**7,934**	**10,955**
At 31 March 2018	205	1,281	20	11,139	12,645

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 values of motor vehicles of approximately HK$7,934,000 (2018: HK$11,139,000) are held under finance leases.

14. TRADE RECEIVABLES

	31 March 2019 **HK$'000**	31 March 2018 HK$'000
Trade receivables	**45,334**	49,548

As at 31 March 2019, the gross amount of trade receivables arising from contracts with customers amounted to HK$45,808,000 (1 April 2018: HK$49,548,000).

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 and net of loss allowance, which approximated the respective revenue recognition dates, at the end of the reporting period.

	2019 **HK$'000**	2018 HK$'000
0 to 60 days	**42,000**	45,960
61 to 90 days	**2,286**	835
Over 91 days	**1,048**	2,753
	45,334	49,548

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$3,588,000 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.

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
Current	45,960
1 to 90 days	2,520
91 to 180 days	1,068
	49,548

Since the application of HKFRS 9 and 1 April 2019, the Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

14. TRADE RECEIVABLES (CONTINUED)

The estimated loss rates are estimated based on the past due aging of the debtors and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in Hong Kong, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date.

As at 31 March 2019, the gross amount of trade receivables from government and public utility customers with an aggregate amount of approximately HK$31,689,000 were assessed for impairment individually and no impairment allowance was made on these debtors as the default risk is considered to be low. For the remaining trade receivables of HK$14,119,000, they are assessed for impairment collectively as these customers consist of a large number of small customers with common risk characteristics. As such, as at 31 March 2019, the Group has provided HK$474,000 (1 April 2018: HK$312,000) impairment allowance based on the provision matrix.

The gross carrying amounts for the year ended 31 March 2019 are shown as follow:

Non-government and non-public utility customers:	**Average loss rate**	**Trade receivable** HK$'000
0 to 60 days	1.24%	12,978
61 to 120 days	7.12%	659
Over 121 days	55.51%	482
		14,119

The movement in the impairment loss of trade receivables during the year ended 31 March 2019 is as follows:

	Impairment loss of trade receivables HK$'000
Balance as at 31 March 2018 (Under HKAS 39)	–
Adjustment upon application of HKFRS 9	312
Balance as at 1 April 2018	312
Loss allowance recognised during the year	162
Balance as at 31 March 2019	474

Since the application of HKFRS 9 on 1 April 2018, there has been no change in the estimation techniques or significant assumptions made.

As at 31 March 2019, the Group pledged the trade receivables with net carrying values of approximately HK$15,903,000 (2018: HK$25,245,000) to secure bank borrowings. Details of pledge of assets are set out in note 28.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Deposits	**3,459**	2,177
Prepayments	**2,344**	1,783
Other receivables	**1,086**	843
	6,889	4,803

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$20,159,000 (2018: HK$30,643,000) as at 31 March 2019 have been pledged to secure banking facilities (see note 20). The pledged bank deposits carried at floating interest rates ranging from 0.0010% to 0.0500% (2018: 0.0010% to 0.0500%) per annum as at 31 March 2019.

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 (2018: 0.0010% to 0.0500% per annum).

17. TRADE PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	**9,154**	9,407

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

	2019 HK$'000	2018 HK$'000
0 to 60 days	**4,426**	7,558
61 to 90 days	**825**	105
Over 91 days	**3,903**	1,744
	9,154	9,407

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

	2019 HK$'000	2018 HK$'000
Accrued audit fee	**683**	700
Accrued wages	**21,289**	22,876
Other payables	**934**	1,587
	22,906	25,163

19. OBLIGATIONS UNDER FINANCE LEASES

	2019 HK$'000	2018 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**2,755**	3,563
Non-current liabilities	**4,623**	6,493
	7,378	10,056

	Minimum lease payments At 31 March		Present value of minimum lease payments At 31 March	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Amounts payable under finance lease				
Within one year	**3,038**	3,929	**2,755**	3,563
More than one year but less than two years	**2,692**	3,033	**2,521**	2,780
More than two years but less than five years	**2,174**	3,891	**2,102**	3,713
	7,904	10,853	**7,378**	10,056
Less: future finance charges	**(526)**	(797)	**N/A**	N/A
Present value of obligation under finance lease	**7,378**	10,056	**7,378**	10,056
Less: Amount due for settlement within one year (shown under current liabilities)			**(2,755)**	(3,563)
Amount due for settlement after one year			**4,623**	6,493

19. OBLIGATIONS UNDER FINANCE LEASES (CONTINUED)

During the year ended 31 March 2019, the Company entered into finance lease arrangements of motor vehicles. The average lease terms are three years (2018: three years) for the year ended 31 March 2019. As at 31 March 2019, the amount due for settlement within one year is approximately HK$2,755,000 (2018: HK$3,563,000). The effective interest rate for the obligations under finance leases as at 31 March 2019 were under fixed rates and ranged from 1.80% to 3.75% per annum (2018: 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 AND OTHER BORROWINGS

	2019 **HK$'000**	2018 HK$'000
Bank borrowings – secured *(notes (i) & (ii))*	**10,055**	25,306
Other borrowings – secured *(notes (i) & (iii))*	**5,240**	–
	15,295	25,306

Carrying amount repayable*:

	2019 **HK$'000**	2018 HK$'000
Within one year	**11,975**	25,306
In the second year	**2,057**	–
In the third to fifth years, inclusive	**1,263**	–
	15,295	25,306
Less: Carrying amount repayable on demand or within one year shown under current liabilities	**(11,975)**	(25,306)
Amount shown under non-current liabilities	**3,320**	–

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

(i) The bank and other borrowings were denominated in HK$ as at 31 March 2019 and 2018.

(ii) At 31 March 2019, secured bank borrowings carried interest at floating rates referenced to HK$ Prime Rate plus or minus a spread and ranging from 1.95% to 7.00% (2018: 1.95% to 7.00%) per annum.

(iii) At 31 March 2019, secured other borrowings carried interest at fixed rate at 3.5% per annum.

(iv) During the year ended 31 March 2019, the Group entered into a hire purchase agreements with an independent leasing company to provide loans of HK$6,000,000 to the Group and certain motor vehicles with aggregate carrying values closed to zero were pledged for the loans. The loans carry interest at 3.5% per annum and repayable by installments over 3 years. At the end of the contract period, the leasing company is obliged to transfer the ownership of the above assets to the Group at a nominal consideration of HK$500 for each motor vehicle.

20. BANK AND OTHER BORROWINGS (CONTINUED)

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

	2019 HK$'000	2018 HK$'000
Facility amount	**110,743**	126,497
Utilisation		
– Secured bank borrowings	**10,055**	25,306
– Performance bonds *(note 33)*	**24,775**	39,607
	34,830	64,913

As at 31 March 2019 and 2018, banking facilities and bank guarantees were secured by assets pledged as set out in note 28 and limited 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:

	2019 HK$'000	2018 HK$'000
At beginning of the year	**2,815**	4,384
Paid during the year	**(1,558)**	(2,916)
Charged to profit or loss	**2,931**	1,347
At the end of the year	**4,188**	2,815

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 HK$'000	Accelerated tax depreciation HK$'000	Total HK$'000
At 1 April 2017	(579)	1,459	880
Credited to profit or loss	(240)	(505)	(745)
At 31 March 2018 and 1 April 2018	(819)	954	135
Charged to profit or loss	343	105	448
At 31 March 2019	**(476)**	**1,059**	**583**

23. SHARE CAPITAL

	Number of shares		Amount	
	2019	2018	**2019** **HK$'000**	2018 HK$'000
Ordinary shares of HK$0.01 each				
Authorised:				
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	**600,000,000**	38,000,000	**6,000**	380
Issue of ordinary shares in connection with the listing of share of the Company *(note ii)*	**–**	150,000,000	**–**	1,500
Capitalisation issue of shares *(note i)*	**–**	412,000,000	**–**	4,120
At the end of the year	**600,000,000**	600,000,000	**6,000**	6,000

i) 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.

ii) 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.

iii) All share issued during the year ended 31 March 2018 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:

	2019 **HK$'000**	2018 HK$'000
Within one year	**314**	186
In the second to fifth years inclusive	**40**	40
	354	226

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 and other 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. The Group will balance its overall capital structure through issuance of new shares and the raise of borrowings or the repayment of the existing borrowings.

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

	2019 **HK$'000**	2018 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)	**–**	111,851
Financial assets at amortised cost	**103,486**	–
	103,486	111,851
Financial liabilities		
Financial liabilities measured at amortised cost	**54,733**	69,932

26. FINANCIAL INSTRUMENTS (CONTINUED)

(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, trade payables, accruals and other payables, obligations under finance leases and bank and other 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 2019, 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 2019, the Group has concentration of credit risk as 32% (2018: 37%) and 70% (2018: 72%) 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. As at 31 March 2018, impairment loss was recognised when there was objective evidence of impairment loss. From 1 April 2018, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2018: incurred loss model) individually for trade receivables from government and public utility customers and using provision matrix on trade receivables from non-government and non-public utility customers with reference to (i) average loss rates applied in the provision matrix, which are based on the Group's historical default rates, taking into account both quantitative and qualitative information that is reasonable and supportable, and forward-looking information that is available without undue costs or effort; and (ii) past due aging analysis of trade receivables from non-government and non-public utility customers. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-trade receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on litigation rather than 12-month ECL. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of deposits and other receivables.

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 and other borrowing (see notes 19 and 20 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 2019, the Group was exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 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's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HK$ Prime Rate arising from the Group's Hong Kong dollar denominated borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of the reporting period. The analysis is prepared assuming the variable-rate bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 100 (2018: 100) basis point increase or decrease is used for the year ended 31 March 2019 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 (2018: post-tax loss) would decrease/increase (2018: increase/decrease) by approximately HK$84,000 for the year ended 31 March 2019 (2018: loss: HK$211,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

Liquidity risk

The Group relies on bank and other borrowings as a significant source of liquidity and the management monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants. As at 31 March 2019, the Group has available unutilised short-term bank loan facilities of approximately HK$75,913,000 (2018: HK$61,584,000). 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.

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.

26. FINANCIAL INSTRUMENTS (CONTINUED)

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

Liquidity risk (Continued)

	Within 1 year or on demand HK$'000	1 to 2 years HK$'000	2 to 5 years HK$'000	Total undiscounted cash flows due on demand or within one year HK$'000	Carrying amount HK$'000
At 31 March 2019					
Trade payables	**9,154**	**–**	**–**	**9,154**	**9,154**
Accruals and other payables	**22,906**	**–**	**–**	**22,906**	**22,906**
Obligations under finance leases	**3,038**	**2,692**	**2,174**	**7,904**	**7,378**
Bank and other borrowings	**12,315**	**2,210**	**1,289**	**15,814**	**15,295**
	47,413	**4,902**	**3,463**	**55,778**	**54,733**
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
	63,931	3,033	3,891	70,855	69,932

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 estimates the fair value of the Group's non-current liabilities measured at amortised cost using the discounted cash flows analysis and consider that the carrying amounts 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 2018 HK$'000	**Financing cash flows HK$'000**	**Non-cash change HK$'000**	**As at 31 March 2019 HK$'000**
Obligation under finance lease	**10,056**	**(4,477)**	**1,799**	**7,378**
Bank and other borrowings	**25,306**	**(10,011)**	**–**	**15,295**
	35,362	**(14,488)**	**1,799**	**22,673**

	As at 1 April 2017 HK$'000	Financing cash flows HK$'000	Non-cash change HK$'000	As at 31 March 2018 HK$'000
Obligation 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 to secure the banking facilities granted to the Group:

	2019 **HK$'000**	2018 HK$'000
Trade receivables	**15,903**	25,245
Pledged bank deposits	**20,159**	30,643
	36,062	55,888

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**	**2019** **HK$'000**	2018 HK$'000
Mr. Wong Chong Shing	Rental expenses	**363**	334

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

(b) Compensation of key management personnel

The directors considered that the directors of the Company are the key management personnel of the Group. Their emoluments are set out in note 10.

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 incentive to employees, directors, 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.

30. SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Equity-settled share option scheme of the Company (Continued)

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 the years ended 31 March 2019 and 2018.

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$7,496,000 (2018: HK$10,832,000) for the year ended 31 March 2019. The payment represents contributions payable to these schemes by the Group in respect of the current accounting period.

32. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2019, 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$1,799,000 (2018: HK$1,345,000).

33. CONTINGENT LIABILITIES

(a) Performance bonds

	2019 **HK$'000**	2018 HK$'000
Guarantees on performance bonds in respect of service contracts	**24,775**	39,607

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

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.

33. CONTINGENT LIABILITIES (CONTINUED)

(b) Litigation

During the years ended 31 March 2019 and 2018, the Group has from time to time been involved in litigations 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	**2019** **HK$'000**	2018 HK$'000
Non-current asset			
Investments in subsidiaries		**30,070**	30,070
Current assets			
Prepayments and other receivables		**236**	305
Amounts due from subsidiaries	*(a)*	**21,517**	23,541
Bank balances		**674**	435
		22,427	24,281
Current liabilities			
Other payables and accruals		**1,915**	1,001
		1,915	1,001
Net current assets		**20,512**	23,280
Net assets		**50,582**	53,350
Capital and reserves			
Share capital		**6,000**	6,000
Reserves	*(b)*	**44,582**	47,350
Total equity		**50,582**	53,350

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

Notes:

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

(b) Movement in reserves

	Notes	**Share premium** HK$'000 *(note i)*	**Other reserve** HK$'000 *(note ii)*	**Accumulated losses** HK$'000	**Total** HK$'000
At 1 April 2017		9,220	30,070	(12,995)	26,295
Capitalisation issue of shares	*23(i)*	(4,120)	–	–	(4,120)
Issuance of shares	*23(ii)*	46,500	–	–	46,500
Capitalisation of issuance cost	*23(ii)*	(9,137)	–	–	(9,137)
Loss and total comprehensive expense for the year		–	–	(12,188)	(12,188)
At 31 March 2018 and 1 April 2018		42,463	30,070	(25,183)	47,350
Loss and total comprehensive expense for the year		–	–	(2,768)	(2,768)
At 31 March 2019		42,463	30,070	(27,951)	44,582

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 asset 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 2019	31 March 2018	
Man Shing Global Group (BVI) Limited	BVI 21 March 2016	US$1	**100%**	100%	Investment holding
Man Shing Global Group Limited	Hong Kong 21 March 2016	HK$1	**100%**	100%	Investment holding
Man Shing Cleaning Service (BVI) Co. Limited	BVI 21 March 2016	US$1	**100%**	100%	Investment holding
Man Shing Environmental (BVI) Co. Limited	BVI 21 March 2016	US$1	**100%**	100%	Investment holding
Jasen Services (BVI) Limited	BVI 21 March 2016	US$1	**100%**	100%	Investment holding
Man Shing Cleaning Service Company Limited	Hong Kong 29 July 1998	HK$100,000	**100%**	100%	Provision of cleaning services
Man Shing Environmental Company Limited	Hong Kong 1 September 2015	HK$100	**100%**	100%	Provision of waste collecting services
Jasen Services Limited	Hong Kong 18 May 1995	HK$10,000	**100%**	100%	Provision of cleaning services
Martix International Investments Limited	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.