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)

2019

Third Quarterly Report

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

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

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

The board of Directors (the "**Board**") is pleased to announce the unaudited condensed consolidated results of the Group for the three months and nine months ended 31 December 2019 together with the unaudited comparative figures for the corresponding periods of 2018.

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

For the three months and nine months ended 31 December 2019

		Three months ended 31 December		Nine months ended 31 December	
		2019	2018	**2019**	2018
	Notes	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue	4	**152,564**	76,836	**393,551**	252,019
Cost of sales		**(127,603)**	(73,128)	**(343,528)**	(234,305)
Gross profit		**24,961**	3,708	**50,023**	17,714
Other income		**59**	1,436	**420**	1,986
Administrative and other operating expenses		**(14,856)**	(5,278)	**(33,790)**	(17,482)
Finance cost	5	**(747)**	(337)	**(1,828)**	(1,071)
Profit/(loss) before income tax		**9,417**	(471)	**14,825**	1,147
Income tax expenses	6	**(1,098)**	(282)	**(1,728)**	(529)
Profit/(loss) and total comprehensive income (expense) for the period	7	**8,319**	(753)	**13,097**	618
Earnings/(loss) per share (HK cents)					
Basic and diluted	8	**1.38**	(0.12)	**2.18**	0.10

Unaudited Condensed Consolidated Statement of Changes in Equity

For the nine months ended 31 December 2019

	Total equity attributable to equity holders of the Company				
	Share capital	**Share premium**	**Other reserve**	**Retained earnings**	**Total equity**
	HK$'000	HK$'000	HK$'000 *(Note)*	HK$'000	HK$'000
At 1 April 2019	**6,000**	**42,463**	**110**	**10,257**	**58,830**
Profit and comprehensive income for the period	**–**	**–**	**–**	**13,097**	**13,097**
At 31 December 2019 (Unaudited)	**6,000**	**42,463**	**110**	**23,354**	**71,927**
Balance as at 1 April 2018	6,000	42,463	110	8,343	56,916
Profit and total comprehensive income for the period	–	–	–	618	618
At 31 December 2018 (Unaudited)	6,000	42,463	110	8,961	57,534

Note:

Other reserve

Other reserve represents the difference between the nominal value of the issued capital of subsidiaries acquired pursuant to a group reorganisation over the consideration paid for acquiring these subsidiaries.

Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 31 December 2019

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 the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 13 April 2017.

The directors consider the ultimate controlling parties during the nine months ended 31 December 2019 (the "**Reporting Period**") were Mr. Wong Man Sing, Mr. Wong Chong Shing and Mr. Wong Chi Ho (the "**Controlling Shareholders**"). The addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information section in the Company's annual report for the year ended 31 March 2019.

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

These unaudited condensed 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. BASIS OF PREPARATION

The unaudited condensed consolidated third quarterly results of the Group has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and the requirements of the Hong Kong Companies Ordinance ("**HKCO**") Cap. 622 and the GEM Listing Rules.

The unaudited condensed consolidated third quarterly results does not include all information and disclosures as required in the annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended 31 March 2019, which have been prepared in accordance with HKFRS.

The unaudited condensed consolidated third quarterly results have been prepared under the historical cost basis.

The third quarterly results are unaudited and have not been reviewed by the Group's auditors but have been reviewed by the audit committee of the Company (the "**Audit Committee**").

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies used in the preparation of the unaudited condensed consolidated third quarterly results are consistent with those applied in the Company's annual report for the year ended 31 March 2019, except for the adoption of new and amendments to HKFRSs that affect the Group.

In the current period, the Group has applied the following new and amendments to HKFRSs and interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Other than as explained below regarding the impact of HKFRS 16 "Leases", the application of other new and amended standards effective in respect of the current period had not resulted in significant impact on the Group's unaudited condensed consolidated interim financial information.

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.

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.

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

4. 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:

	Three months ended 31 December		**Nine months ended 31 December**	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Street cleaning solutions	**111,460**	37,625	**272,063**	132,395
Building cleaning solutions	**23,584**	22,579	**69,591**	69,783
Bus and ferry cleaning solutions	**10,062**	12,041	**34,071**	34,594
Other cleaning and related services	**7,458**	4,591	**17,826**	15,247
	152,564	76,836	**393,551**	252,019

Segment revenues

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

The Group currently operates in one operating and reportable segment which is the provision of cleaning services. A single management team reports to the directors of the Group (being the chief operating decision-maker) who allocates resources and assesses performance based on the unaudited condensed consolidated result of the single business engaged in the provision of cleaning services for the nine months ended 31 December 2019 and 2018 comprehensively. Accordingly, the Group does not present separately segment information.

5. FINANCE COST

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest on:				
Bank overdrafts and borrowings	**429**	187	**696**	718
Obligations under finance leases	**318**	150	**1,132**	353
	747	337	**1,828**	1,071

6. INCOME TAX EXPENSES

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax:				
Hong Kong Profits Tax	**1,033**	335	**1,626**	550
Deferred tax	**65**	(53)	**102**	(21)
	1,098	282	**1,728**	529

Notes:

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

(b) 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 period ended 31 December 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% (nine months ended 31 December 2018: 16.5%).

7. PROFIT (LOSS) FOR THE PERIOD

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

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Staff costs (including directors' remuneration)				
Wages, salaries and other benefits	**113,176**	60,790	**296,107**	200,899
Retirement benefits scheme contributions	**108**	1,620	**4,965**	5,742
Provision for long service payments	**1,418**	563	**4,202**	1,088
Total staff costs	**114,702**	62,973	**305,274**	207,729
Auditors' remuneration	**180**	–	**840**	150
Depreciation of plant and equipment:				
– owned by the Group	**488**	432	**1,326**	844
– held under finance leases obligation	**1,507**	589	**3,597**	2,626
Depreciation of right-of-use assets	**91**	–	**229**	–
Minimum lease payments under operating leases:				
– in respect of offices	**–**	90	**40**	269
Interest income	**–**	(13)	**(3)**	(18)
Loss/(gain) on disposal of plant and machinery	**18**	(1,416)	**12**	(1,960)

8. EARNINGS (LOSS) PER SHARE

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

	Three months ended 31 December		Nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Earnings/(loss)				
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings/(loss) per share calculation	**8,319**	(753)	**13,097**	618

	2019	2018	**2019**	2018
	'000	'000	**'000**	'000
Shares				
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings/(loss) per share calculation *(Note)*	**600,000**	600,000	**600,000**	600,000

Note:

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

The dilutive earnings (loss) per share is equal to the basic earnings (loss) per share as there were no dilutive potential ordinary shares outstanding during the nine months ended 31 December 2019 and 2018.

9. DIVIDENDS

No dividend was proposed by the Group during the nine months ended 31 December 2019 and 2018, nor has dividend been proposed since the end of the Reporting Period.

Management Discussion and Analysis

BUSINESS REVIEW

The Group's business managed to achieve significant growth over the prior period, mainly attributable to the award of a number of major new contracts during the Reporting Period. Through strengthening our collaboration with both public and private sector customers, the management continuously strives onwards to looking for more new business opportunities.

The management remains confident in the demand for the Group's environmental solution and will continue to focus on its operational capabilities and strategic initiatives by leveraging on its extensive experience, skillset and technical knowhow which were built over the years in this dynamic marketplace. With that, the management believes the Group will ride on the trends which explore the opportunity to propel the Group to the high level of business growth.

With more than 31 years of experience in environmental cleaning service industry in Hong Kong, we have steadily grown our business since our inception and now our wide range of services extend the coverage to all 18 districts throughout Hong Kong. Our comprehensive portfolio of environmental cleaning solutions are mainly divided into (i) street cleaning solutions which comprise street and public area cleaning, refuse collection point cleaning. (ii) building cleaning solution which comprise general building cleaning, refuse collection and waste disposal and our janitorial services (iii) bus and ferry cleaning solutions which comprise general depot, pier cleaning and vessel cleaning; and (iv) other cleaning services such as external wall and window cleaning, confined space cleaning, as well as pest control and fumigation.

The Group has actively expanded to other business and is determined to pursue diversified development, so as to diversify its products and services and broaden its customer bases to facilitate the sustainable development of the Group. On 2 October 2019, the Group completed the acquisition of all the issued shares of Curtaman Property Management Limited ("**Curtaman**") which becomes a wholly-owned subsidiary of the Group. Curtaman is a property management company engaged in managing various residential and industrial buildings, car parks and commercial centers in Hong Kong. The management believe this acquisition will enable the Group to expand and develop the provision of its cleaning services, through the customer network of Curtaman, to more potential customers and thus enhancing the scale and profitability of the Group's business operation as well as the interests of the Company and the Shareholders as a whole.

During the Reporting Period, Curtaman has contributed approximately HK$1,977,000 of revenue and approximately HK$131,000 of profit to the Group for the three months period starting from October 2019.

OUTLOOK

Looking ahead, the Hong Kong economy will remain unstable under the recent social instability, the result of our group may inevitably face headwind. However, the management has formulated the future development plan. By basing in Hong Kong, delving into the Mainland and further promote the development of the Group's business and create the best return for the shareholders.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group recorded a revenue of approximately HK$272,063,000, representing an increase of approximately HK$139,668,000, or approximately 105%, as compared to the corresponding period of 2018. Such an increase was mainly attributable to several newly awarded contracts from the street cleaning solutions. These newly awarded contracts include: (i) mechanical street cleaning service contracts which were worked across all territories and have fostered an additional revenue of approximately HK$26,971,000 for the nine months period; (ii) the provision of street cleaning service in Shum Shui Po District has generated revenues of approximately HK$69,002,000 for the seven months starting from June 2019; (iii) the provision of street cleaning service in Tsuen Wan District which fueled the increase by approximately HK$50,205,000 for the eight months period starting from May 2019; and (iv) the provision of street cleaning service in Kowloon City District generated an additional revenue of approximately HK$34,364,000 for the three months period since October 2019. The contribution from these newly awarded contracts offset the reduce in revenue of approximately HK$40 million attributable from two government contracts of Tuen Mun District and Fanling North District which expired during the Reporting Period.

The Group's business comprises four operating segments, namely street cleaning solutions, building cleaning solution, bus and ferry cleaning solution and other cleaning and related services. During the Reporting Period, 69.1% of the Group's revenue was derived from street cleaning solutions. Significant portion of the Group's revenue was derived from government contracts relating to street cleaning and waste collection services. As compared to same period last year, we have secured five new tenders from the government while two projects were completed by expiration without renewal.

Gross profit and gross profit margin

Our Group's gross profit increased by approximately HK$32,309,000 or 182.4% from approximately HK$17,714,000 for the nine months ended 31 December 2018 to approximately HK$50,023,000 for the Reporting Period. The gross profit margin increased from 7.0% for the nine months ended 31 December 2018 to 12.7% for the Reporting Period, representing an increase of approximately 5.7 percentage points.

Compared to the same period a year ago, the improvement was mainly attributable to (i) increase in revenue contribution from projects with better margin both from some private contracts and government contracts. The projects with better margin mainly arose from customers' repeat orders received during the period; and (ii) the team effort in intensifying our work efficiency and cutting out wastage of material and excessive labor force.

Other income

Other income of the group decreased by approximately HK$1,566,000 from approximately HK$1,986,000 for the nine months ended 31 December 2018 to approximately HK$420,000 for the Reporting Period. The decrease was mainly due to 7 units of specialized vehicles were sold and the profits on disposal were treated as other income during the nine months ended 31 December 2018 outnumbered two unit of vehicles sold and the corresponding losses on disposal were treated as negative other income during the Reporting Period.

Administrative expenses

Administrative expenses mainly consist of staff costs and Directors' remuneration, insurance expense, depreciation, maintenance, office supplies, transportation expense, legal and professional fee, and other administrative expenses. Following the increase in contracted sales due to several newly awarded contracts, there was a corresponding increase in administrative expenses of our Group. Administrative expenses increased by approximately HK$16,308,000 from approximately HK$17,482,000 for the nine months ended 31 December 2018 to approximately HK$33,790,000 for the Reporting Period. The increase in administrative expense are mainly attributable to i) the increase of insurance premium; ii) the depreciation expenses on 40 new vehicles and related motor vehicle expenses and iii) the increase of staff salaries.

Finance costs

Finance costs for our Group increased by approximately HK$757,000 or 70.7% for the nine months ended 31 December 2019 compared to the corresponding period in 2018. The increase was mainly attributable to the increase in interest paid under finance lease because 34 new vehicles were purchased under the financing lease to cope with our increase in contracted sales.

DIVIDEND

The Board does not recommend the payment of dividend for the nine months ended 31 December 2019 (for the nine months ended 31 December 2018: Nil).

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 December 2019, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or 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 otherwise notified to the Company and Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long Position

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

Notes:

1. The letter "L" denotes the person's long position in such shares.

2. Man Shing Global Limited is a company wholly owned by Mr. C.S. Wong, our executive Director. Accordingly, Mr. C.S. Wong is deemed to be interested in all shares in which Man Shing Global Limited is interested for the purpose of the SFO. Ms. Tang Duc Ngan, who is the spouse of Mr. C.S. Wong, is deemed to be interested in all 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. 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.

4. Chun Shing Investment Limited is a company wholly owned by Mr. C.H. Wong, our executive Director, and holds 18,000,000 shares in our Company. Accordingly, Mr. C.H. Wong is deemed to be interested in all shares in which Chun Shing Investment Limited is interested for the purpose of the SFO. Ms. Wan Wing Ting, who is the spouse of Mr. C.H. Wong, is deemed to be interested in all shares in which Mr. C.H. Wong is interested.

5. On 30 March 2016, a deed of acting in concert was entered into between Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong in which it was confirmed that in respect of Man Shing Cleaning Service Company Limited, Man Shing Environmental Company Limited and Jasen Services Limited (collectively, the "**Relevant Companies**") during the two financial years ended 31 March 2015 and 31 March 2016 and the six months ended 30 September 2016 and thereafter from the date of the deed, the parties have been acting in concert (as defined under the Takeovers Code) to jointly reach a consensus in relation to all matters in respect of the management and business operations of each of the Relevant Companies including but not limited to voting unanimously in respect of matters that require shareholders' or directors' approval and the execution of documents for the purpose of furthering and expanding the business operations of the Relevant Companies. By virtue of the SFO, Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong are deemed to be interested in our shares which are interested by each other.

Save as disclosed above, as at 31 December 2019, none of the Directors or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standard of dealings by Directors of the Company as referred to in Rule 5.46 to 5.47 of the GEM Listing Rules, or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO.

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

As at 31 December 2019, the register of substantial shareholders maintained by the Company, pursuant to section 336 of the SFO, showed that the following shareholders had notified the Company at relevant interests and short positions in the issued share capital of the Company:

Long Position

Name of Shareholders	**Capacity/Nature**	**Number of ordinary shares** *(Note 1)*	**Percentage of interest**
Man Shing Global Limited *(Note 2)*	Beneficial Owner	175,500,000 (L)	29.25%
Ms. Tang Duc Ngan *(Note 3)*	Interest of spouse	369,000,000 (L)	61.5%
Lik Hang Investment Company Limited *(Note 4)*	Beneficial Owner	175,500,000 (L)	29.25%
Ms. Wong Lai Man *(Note 5)*	Interest of spouse	369,000,000 (L)	61.5%
Chun Shing Investment Limited *(Note 6)*	Beneficial Owner	18,000,000 (L)	3%
Ms. Wan Wing Ting *(Note 7)*	Interest of spouse	369,000,000 (L)	61.5%

Notes:

1. The letter "L" denotes the person's long position in such shares.

2. Man Shing Global Limited is a company wholly owned by Mr. C.S. Wong, our executive Director. Accordingly, Mr. C.S. Wong is deemed to be interested in all shares in which Man Shing Global Limited is interested for the purpose of the SFO.

3. 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.

4. 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.

5. 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.

6. Chun Shing Investment Limited is a company wholly owned by Mr. C.H. Wong, our executive Director, and holds 18,000,000 shares in our Company. Accordingly, Mr. C.H. Wong is deemed to be interested in all shares in which Chun Shing Investment Limited is interested for the purpose of the SFO.

7. 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 disclose above, as at 31 December 2019, the Directors are not aware of any other persons (who are not Directors or chief executive of the Company) who had interest 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 provision of Division 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept under section 336 of the SFO.

COMPETING AND CONFLICT OF INTEREST

None of the Directors or the controlling shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interest in a business, which competes or may compete, either directly or indirectly, with the business of the Group nor any conflict of interest which has or may have with the Group during the nine months ended 31 December 2019.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Group has appointed Changjiang Corporate Finance (HK) Limited ("**Changjiang Corporate Finance**") to be its compliance adviser. As informed by Changjiang Corporate Finance, neither Changjiang Corporate Finance nor any of its directors or employees or associates, has or may have, any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities), which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Changjiang Corporate Finance dated 19 October 2016.

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

Neither the Company or any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules.

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

The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the CG Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the "**Code of Conduct**"). The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the Reporting Period and up to the date of this report.

SHARE OPTION SCHEME

The share option scheme of the Company (the "Share Option Scheme) has been adopted by way of a written resolution passed by the Shareholders on 20 March 2017 for the primary purpose of enabling the Company to attract, retain and motivate talented participants and, to strive for future developments and expansion of the Group. Eligible participants of the Share Option Scheme include any employee, any executives, non-executive Directors (including independent non-executive Directors), advisors, consultants of the Company or any of its subsidiaries. The terms of the Share Option Scheme are in accordance with the provision of Chapter 23 of the GEM Listing Rules.

No Share option has been granted since the adoption of the Scheme and there are no share option outstanding as at 31 December 2019.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best of the knowledge of the Directors, the Directors confirm that the company complies with the minimum public float of 25% as required under the GEM Listing Rules as at the date of this report.

AUDIT COMMITTEE

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

The committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting process, and assessing the effectiveness of the internal control system of our Group and the adequacy of the external and internal audits.

The audit committee has reviewed the unaudited consolidated financial statements of the Group for the nine months ended 31 December 2019 and is of the view that such results complied with the applicable accounting standards, principles and policies, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures has been made.

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

Hong Kong, 13 February 2020

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