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)

2020 ANNUAL 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 the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

COMPANY SECRETARY

Mr. Tong Wai Kit, Raymond

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

CCTH 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				
	2016 HK$'000	2017 HK$'000	2018 HK$'000	2019 HK$'000	**2020** **HK$'000**
Revenue	346,999	463,795	423,494	342,144	**542,305**
Profit (loss) attributable to owners of the Company	12,522	2,782	(10,024)	2,226	**14,062**
Earnings (loss) per share (HK cents) – basic and diluted	192.88	0.66	(1.68)	0.37	**2.34**

	Year ended 31 March				
Assets and liabilities	2016 HK$'000	2017 HK$'000	2018 HK$'000	2019 HK$'000	**2020** **HK$'000**
Non-current assets					
Plant and Equipment	17,743	18,011	12,645	10,955	**4,220**
Right-of-use assets	–	–	–	–	**20,011**
Goodwill	–	–	–	–	**4,095**
Current assets					
Amount due from a shareholder	9,503	–	–	–	**–**
Trade receivables	41,008	55,456	49,548	45,334	**53,055**
Prepayments, deposits and other receivables	9,213	12,792	4,803	6,889	**13,704**
Tax recoverable	–	–	3,536	1,591	**–**
Pledged bank deposits	11,654	25,420	30,643	20,159	**31,027**
Restricted bank deposits	–	–	–	–	**1,101**
Bank balances and cash	38,744	17,059	28,640	33,448	**40,154**
Current Liabilities	86,780	86,686	63,456	46,832	**71,516**
Net current assets	23,342	24,041	53,714	60,589	**67,525**
Total assets less current liabilities	41,085	42,052	66,359	71,544	**95,851**
Share Capital	–	380	6,000	6,000	**6,000**
Reserve	28,695	27,697	50,916	52,830	**66,892**
	28,695	28,077	56,916	58,830	**72,892**
Non-current liabilities	12,390	13,975	9,443	12,714	**22,959**
	41,085	42,052	66,359	71,544	**95,851**

Chairman's Statement

Dear Stakeholders,

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 2020 (the "Year" or the "Reporting Period").

Man Shing has been providing cleaning services in Hong Kong for over 30 years and has 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 all Hong Kong residents. We strive to maintain and strengthen our leading position in the clean services industry. As a dedicated team working towards a common goal, we believe Man Shing success lies in our solidarity, strives for growth, and scaling for new heights for the Company.

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, external wall and window cleaning, confined space cleaning as well as pest control and fumigation services in Hong Kong. During the year, Man Shing has continued to increase market penetration. We have successfully secured new contracts from existing and new customers across all sectors. The grant of these contracts by our customers represents their recognition of our quality service and our compliance with their stringent requirements and this further expands Man Shing's influence in the industry. Moving forward, we will continue to establish closer ties with our customers in both government and private sectors to secure various potential projects in the industry. While striving to explore further business opportunities and maximize our market share in our business segments, we will continue to implement stringent internal control to enhance operational efficiency and to improve our financial positions.

Our employees are our greatest assets, we will continue to allocate more resources to arrange training on occupational safety, operating and supervisory skills for our employees, while at the same time, we will make a continuous effort to strengthen our information and communication technology to enhance operational efficiency.

Notwithstanding the economic uncertainty under the recent social instability, the novel COVID-19 pandemics and the tensions between the United States and China, we believe Man Shing will continue to achieve steady growth in our overall revenue in the coming year. Thanks to the likelihood contribution of increasing demands of 2-years street cleaning contract renewals and the potential synergy from newly acquired property management company.

On 2 October 2019, we have completed the acquisition of Curtaman Property Management Limited ("Curtaman") which engaged in managing various residential and industrial buildings, car parks and commercial centres in Hong Kong. We believes the acquisition of Curtaman will create synergies to the Group as it will enable Man Shing 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 Shareholders as a whole. Man Shing will continue to seek other business and investment opportunities, so as to diversify its products and services and broaden its customer bases to facilitate the sustainable development of the Group.

Last but not least, I would like to express my heartfelt gratitude to our team for their continuous contribution to the Group's achievements. I would also like to sincerely thank our shareholders, customers and business partners for their continuous support and confidence to the Group. 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

23 June 2020

Management Discussion and Analysis

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.

This year, our revenue reaches historical high with a record of approximately HK$542.3 million, representing an increase of approximately 58.5% growth as compared to the same period last year. Such increase was mainly attributable to the award of a number of major new contracts. Throughout this year, we continued to deploy strategies of enhancing operational efficiencies, better asset utilization and utilizing new technologies to deliver premium service experience to our customers. These strategic efforts allow us to bolster holistic approach with a focus on creating economic benefit across our operation and to optimize our work performance.

During the year ended 31 March 2020, we had awarded six mega new contracts for street cleaning services with a total contract sum of approximately HK$735.6 million for a period of two years services contract with the government department of Hong Kong responsible for public hygiene and food safety.

At the same time, we have actively identified investment opportunities, especially investment may pose a synergies effect on our existing business, aiming for a new income source for future expansion. The acquisition of Curtaman is a milestone to the Group's strategic expansion. Through the existing customer network of Curtaman, it will enable the Group to expand and develop more potential customers for both cleaning solution services and property management services. During this year, Curtaman has contributed approximately HK$4,052,000 of revenue and approximately HK$352,000 of loss to the Group for the six month period starting from October 2019.

In early 2020, the outbreak of the novel Coronavirus (COVID-19) in the world has significantly affected the global economy as well as our working environments. In response to the threat of infectious diseases and ensure the safety of our employees, we strive to provide adequate protective equipment, disinfection tools, and supplies for routine cleaning and disinfection to our employees notwithstanding the tight supply, and strengthen the promotion on epidemic prevention and work guidelines.

OUTLOOK

Looking ahead, the Hong Kong economy will remain unstable under the recent social instability, global economic downturns and the novel Coronavirus (COVID-19) outbreak, the operation of our Group may inevitably face a headwind. However, we are confident about the prospects of the environmental cleaning service industry, we will strive to secure more 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 more 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.

Management Discussion and Analysis

Furthermore, we will invest heavily in the purchase of new heavy-duty specialised vehicles and automated cleaning machinery and equipment to cope with our business expansions and enhance our ability to undertake more new tenders.

Going forward, we will fully utilize our financial resources and will continue to keep abreast of business and technology trends to assist our business operations in order to achieve sustainable growth. 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. 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, our Group's revenue was approximately HK$542,305,000 (2019: approximately HK$342,144,000), representing a increase of approximately HK$200,161,000 or 58.5 % as compared to the year ended 31 March 2019.

Such increase was mainly attributable to several newly awarded street cleaning solutions contracts from the Food and Environmental Hygiene Department of the Hong Kong Government. These newly awarded contracts include: (i) the provision of street cleaning service in Tsuen Wan District since May 2019; (ii) the provision of street cleaning service in Shum Shui Po District starting from June 2019; (iii) the provision of street cleaning service in Kowloon City District since October 2019; and (iv) the provision of street cleaning service in Wong Tai Sin District starting from March 2020. These newly awarded contracts contributed approximately HK$240,137,000 of revenue offset the expiration of three government contracts from Tuen Mun District, Fanling North District, and the mechanical street cleaning service contracts across all territories during the year, with a reduction in revenue of approximately HK$46,939,000.

Gross profit and gross profit margin

Our Group's gross profit increased by approximately HK$32,382,000 or 118.4% from approximately HK$27,346,000 for the year ended 31 March 2019 to approximately HK$59,728,000 for the Reporting Period. Our Group's gross profit margin for the Reporting Period was approximately 11.0%, representing an increase of approximately 3.0% as compared to approximately 8.0% for the year ended 31 March 2019. The improvement in gross profit margin 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 year; 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 our Group decreased by approximately HK$1,012,000 from approximately HK$2,481,000 for the year ended 31 March 2019 to approximately HK$1,469,000 for the Reporting Period. The decrease was mainly attributable to the non-recurring gain on disposal of a certain number of specialized vehicles in the year ended 31 March 2019 as compared to a lesser amount of gain on disposal of specialized vehicles for the Reporting Period.

Administrative expenses

Administrative expenses consist primarily of staff costs (including Directors' remuneration), insurance expenses, depreciation, maintenance, office supplies and transportation expenses, legal and professional fees and other administrative expenses. Following the increase in revenue due to several newly awarded contracts, there was a corresponding increase in administrative expenses of our Group. Administrative expenses increased by approximately HK$14,333,000 from approximately HK$25,493,000 for the year ended 31 March 2019 to approximately HK$39,826,000. The increase mainly attributable to i) the increase in staff costs, which include wages and salaries, retirement benefit scheme contribution and the provision for long services payments; ii) the depreciation expenses on newly acquired specialized vehicles and related motor vehicle expenses and iii) the insurance premium on newly awarded contracts.

Finance costs

Finance costs for our Group increased by approximately HK$1,068,000 or 72.8 % from approximately HK$1,467,000 for the year ended 31 March 2019 to approximately HK$2,535,000 for the Reporting Period. The increase was mainly attributable to the increase in interest paid under finance lease because 34 new vehicles were purchased under financing leases to cope with our increase in newly awarded contracts.

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 2020 was 1.96 times as compared to that of 2.29 times as at 31 March 2019. The current ratio gradually drift lower were caused by (i) extra borrowing incurred for wages payment, (ii) longer settlement period from customers in private sector even if we have carried out restrictive credit policy, and (iii) the increase in lease liabilities because of the increased number of vehicles purchased under finance leases.

The total interest bearing debts of our Group, including bank and other borrowings, lease liabilities and obligations under finance leases, increased from approximately HK$22,673,000 as at 31 March 2019 to approximately HK$40,539,000 as at 31 March 2020. 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 lease liabilities for the Year were under fixed rates and ranged from 1.80% to 3.75% per annum.

As at 31 March 2020, the lease liabilities amounted to approximately HK$20,358,000 (2019: approximately HK$7,378,000 as shown under finance lease liabilities), 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 27.7% as at 31 March 2020 (2019: approximately 26.0%). Such an increase was primarily attributable to an increase in the Group's bank borrowings during the Year, as the Group closely monitored its overall exposure and fully utilize our financial resources to assist our business operations in order to achieve sustainable growth.

CAPITAL STRUCTURE

As at 31 March 2020, the share capital and total equity attributable to equity holders of the Company amounted to approximately HK$6,000,000 and HK$72,892,000 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 2020, the amounts of pledged deposit to banks as security for banking facilities was HK$31,027,000 (2019: approximately HK$20,159,000).

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 previous years, which exposed a subsidiary of the Company to potential claims. As at the date of this annual report, one of the claims was in the course of settlement. The settlement amount would be covered by the third party insurance policies. Three legal proceedings were initiated against the subsidiary 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

Except for the acquisition of Curtaman Property Management Limited ("Curtaman"), our Group did not have any significant investments, material acquisitions and disposals for the year ended 31 March 2020.

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, lease liabilities and obligations under finance leases amounted to approximately HK$40,539,000 (2019: HK$22,673,000) as at 31 March 2020. As at 31 March 2020, our Group had general banking facilities amounted to HK$212,800,000 (2019: HK$110,743,000).

As at 31 March 2020, our Group had secured bank borrowings with an outstanding balance of approximately HK$16,861,000 (2019: approximately HK$10,055,000) and utilized performance bond of approximately HK$53,054,000 (2019: approximately HK$24,775,000). As at 31 March 2020, the general banking facilities were secured by (i) corporate guarantee executed by the Company, and (ii) certain cash deposits and certain trade receivables of a subsidiary.

As at 31 March 2020, the lease liabilities amounted to approximately HK$20,358,000 (2019: approximately HK$7,378,000 as shown under finance lease liabilities), 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 2020, our Group had approximately 3,873 employees (2019: 2,334 employees). The total staff costs incurred by our Group, including Directors' emoluments, were approximately HK$432,004,000 for the Reporting Period (2019: approximately HK$277,547,000).

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 a final dividend for the Reporting Period (2019: HK$NIL).

No special dividend has been declared in respect of the year ended 31 March 2020.

EVENTS AFTER THE REPORTING PERIOD

No significant events occurring subsequent to 31 March 2020 and up to the date of this annual report.

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$3,438,700 had been used to purchase new specialised vehicles. As at 31 March 2020, all proceeds were utilised.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wong Chong Shing (黃創成) ("Mr. C.S. Wong"), aged 55, 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 58, 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 30, 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.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Pak Chung (李伯仲), aged 79, 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 58, 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 59, 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.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Chan Ngai Kam (陳毅鑫), aged 44, 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 41, 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 55, 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. Tong Wai Kit Raymond (唐偉傑), aged 47, was appointed as the company secretary and chief financial officer of our group on 10 March 2020. Mr. Tong is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He received his bachelor's degree in Accountancy in September 1995 from the Hong Kong Polytechnic University and obtained a master's degree in Professional Accountancy in August 2018 from University of London. Mr. Tong has over 20 years' experience in management, finance and accounting. He previously held various senior positions in listed companies with business in Hong Kong and China.

Corporate Governance Report

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 10 to 12 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 Institute of Certified Public 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 8 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)*	7/7	1/1
Mr. Wong Man Sing *(Chief Executive Officer)*	7/7	1/1
Mr. Wong Chi Ho	7/7	1/1
Independent non-executive Directors		
Mr. Lee Pak Chung	7/7	1/1
Mr. Au-Yeung Tin Wah	7/7	1/1
Mr. Chiu Ka Wai	7/7	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 Chi Ho and Mr. Chiu Ka Wai 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 signed an appointment letter respectively 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 2 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	2/2
Mr. Chiu Ka Wai	2/2
Mr. Lee Pak Chung	2/2

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 one meeting 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	1/1
Mr. Lee Pak Chung	1/1
Mr. Chiu Ka Wai	1/1

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 jointly prepared by Fuson CPA Limited ("Fuson") and Smart Shine Consultants Limited, which identified the risks of the Group for the year ended 31 March 2020. 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	1/1
Mr. Lee Pak Chung	1/1
Mr. Au-Yeung Tin Wah	1/1

INSIDE INFORMATION

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

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

Risk management approach

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

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

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

- risk elimination: the Group may identify and implement certain changes or control to avert or eliminate the risk entirely;
- risk mitigation: the Group may formulate and implement a risk mitigation plan to reduce the likelihood, velocity or severity of the risk to an acceptable level; and
- risk retention: the Group may determine that the risk is acceptable to the Group and no action is required. The risk will then be closely monitored to ensure that the level of risk will not increase to an unacceptable level.

The Group focused its efforts on managing the following risks:

(i) 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 2020. 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	500
Non-audit services	346
Total fees paid/payable	846

COMPANY SECRETARY

Mr. Tong Wai Kit, Raymond is the company secretary appointed by the Company. In the opinion of the Board, Mr. Tong 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. Tong 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 2020, 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 56 to 60 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, 7 August 2020 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.

Directors' Report

The Board has pleasure in submitting this report together with the audited consolidated financial statements of the Group for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

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.

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 2020 are set out in the consolidated financial statements on pages 61 to 118 of this annual report.

DIVIDEND

The Directors do not recommend the payment of any dividend in respect of the Year (2019: 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 9 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to promoting the long term sustainability of the environment and communities in which it engages. The Group strives to promote environmental protection and 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 9 of this annual report.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2020 are set out in note 39 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 26 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 34 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.

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 2020, 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 2020, 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 2020, 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%
Lik Hang Investment Company Limited *(Note 2)*	Beneficial owner	175,500,000	29.25%
Ms. Wong Lai Man *(Note 3)*	Interest of spouse	369,000,000	61.50%
Chun Shing Investment Limited *(Note 4)*	Beneficial owner	18,000,000	3.00%
Ms. Wan Wing Ting *(Note 5)*	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. 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.

3. 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. 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.

5. 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 2020, 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.

The compliance adviser agreement entered into between the Company and Changjiang Corporate Finance (HK) Limited on 13 April 2018 has been expired on 12 April 2020.

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.

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

Tenancy Agreement

Tenancy Agreement A

On 11 May 2018, 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 2018 to 31 May 2020 at a monthly rental of HK$20,000 (excluding rent, rates and management fees). On 24 April 2020, 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 2020 to 31 May 2022 at a monthly rental of HK$24,000 (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). On 23 July 2019, Mr. C.S. Wong as landlord and Jasen Services Limited as tenant renewed a tenancy agreement pursuant to which Mr. C.S. Wong agreed to lease Property B to Jasen Services Limited, for a period of two years commencing from 1 August 2019 to 31 July 2021 at a monthly rental of HK$11,000 (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.

Consultancy Agreement

On 2 October 2019, Man Shing Cleaning Services Limited entered into an agreement with Mr. Lo Wing Keung, a director of a subsidiary, Curtaman Property Management Limited, on mutually agreed terms for providing consultancy services to the Group at a monthly services fee of HK$30,000.

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.

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 Group and of the Company during the Year are set out in the consolidated statement of changes in equity on page 63 and note 38 to the consolidated financial statements respectively.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the aggregate amount of purchases attributable to our Group's five largest suppliers represented approximately 51.6% of our Group's total purchases. The amount of purchases from our Group's largest supplier represented approximately 14.9% of our Group's total purchases.

Meanwhile, the aggregate amount of revenue attributable to our Group's five largest customers represented approximately 83.0% of our Group's total revenue. The amount of revenue from our Group's largest customer represented approximately 69.1% 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 10 to 12 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 signed an appointment letter respectively 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 Chi Ho 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.

Directors' Report

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 23 to the consolidated financial statements.

AUDITORS

The consolidated financial statements for the year ended 31 March 2019 have been audited by SHINEWING (HK) CPA Limited ("SHINEWING"). SHINEWING has resigned as auditors of the Group with effect from 23 October 2019. CCTH CPA Limited ("CCTH") was appointed as the new auditors of the Group with effect from 23 October 2019.

The consolidated financial statements for the year ended 31 March 2020 have been audited by CCTH, who retires and, being eligible, offers itself for appointment at the forthcoming annual general meeting of the Company.

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 13 to 27 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, 4 August 2020 to Friday, 7 August 2020, 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, 3 August 2020.

EVENTS AFTER THE REPORTING PERIOD/FUTURE PLAN FOR MATERIAL INVESTMENTS CAPITAL ASSETS

No significant events occurred subsequent to 31 March 2020 and up to the date of this annual report.

Mr. Wong Man Sing
Chief Executive Officer
23 June 2020

Environmental, Social and Governance Report

Man Shing presents this Environmental, Social and Governance ("ESG") Report for the year ended 31 March 2020, 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 environmental cleaning solutions services in Hong Kong.

SCOPE OF THE REPORT

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.

Approved by the board of directors

The board has overall responsibility for the Group's ESG strategy and reporting. The board is responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Report was approved by the board on 23 June 2020.

Stakeholder Engagement and Materiality

Stakeholder engagement is a key success factor in formulating our environmental and social strategy, defining our objectives, assessing materiality, and establishing policies. Our key stakeholders include customers, suppliers, business allies, employees, management and shareholders. We have conducted a survey, discussed or communicated with stakeholders to understand their views and respond to their needs and expectations, evaluated and prioritised their inputs to improve our performance, and finally strived to provide value to our stakeholders, community and the public as a whole.

Based on the stakeholder engagement, we identified issues with significant environmental and social impact and issues concerning stakeholders. The results of materiality assessment prioritised stakeholder inputs and made us focused on the material aspects for actions, performance, achievements and reporting. We present below the relevant and required disclosure.

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 environmental cleaning solutions 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 large vehicle fleets. 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:

Type of Vehicle	2018 to 2019 (Euro IV/V/VI)	**2019 to 2020 (Euro IV/V/VI)**
Water Wagons	16	**18**
Vacuum Tankers	2	**2**
Hook-lift Trucks	2	**1**
Grab Lorries	8	**7**
Tail-lift Trucks	9	**9**
Tail-lift Tipper Trucks	5	**21**
Tipper Trucks	3	**0**
Light Goods Van	18	**25**
Lorries	1	**7**
Suction Sweeper	1	**2**
Highway Arrow Vehicles	2	**6**

Carbon Emissions of our Specialized Vehicles

Comparison between 2018–2019 and 2019–2020

2019–2020

Total number of vehicles	**Fuel consumption per year (liter)**	**Carbon emissions per year (tonnes)**	**Average fuel consumption per vehicle (liter)**	**Average carbon emissions per vehicle (tonnes)**
98	**722,266**	**1,663.7**	**7,370.1**	**17.0**

2018–2019

Total number of vehicles	Fuel consumption per year (liter)	Carbon emissions per year (tonnes)	Average fuel consumption per vehicle (liter)	Average carbon emissions per vehicle (tonnes)
67	446,189	1,202.8	6,659.5	18.0

It can be noted from the above data that all of Man Shing's vehicles (98 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 722,266 liters while 1,663.7 tonnes of carbon emissions were generated, representing an increase of 276,077 liter of fuel consumption and 460.9 tonnes of carbon emissions respectively, as compared to that of last year. The increase mainly attributable to the increase of total number of vehicles from 67 unit of vehicles of last year to 98 units of vehicles of the Reporting Period. The average carbon emissions per vehicle has reduced from 18.0 tonnes per vehicle of last year to 17.0 tonnes per vehicle for the Reporting Period, indicated that Man Shing has put a great effort in reducing carbon emissions arising from its business operations.

Our total carbon emissions during the Year are as follows:

– Direct emissions: 1,663.7 tCO2e (2019: 1,202.8 tCO2e)

– Indirect emissions: 34 tCO2e (2019: 31 tCO2e)

– Total emissions: 1,697.7 tCO2e (2019: 1,233.8 tCO2e)

– Intensity (tCO2e/revenue (HK$'000)): 0.0031 (2019: 0.0036)

Use of Resources

During the Year, the energy consumption was as follows:

Type of energy	2018–2019	**2019–2020**
Purchased electricity	42,487 (kilowatt)	**39,205 (kilowatt)**
Energy intensity (kWh/square metre)	138.8	**128.1**

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	2018–2019	2019–2020
Water consumption	44 (cubic meter)	**44 (cubic meter)**
Water intensity (cubic meters/square feet)	0.013	**0.014**
Paper consumption (A4 paper)	915 (packs of 500 sheets each)	**1,090 (packs of 500 sheets each)**
Total Emissions	31 tonnes	**34 tonnes**

All of the water consumption is from the government's water supply and we have no issue in sourcing water that fits our 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 3,282 kilowatt when compared to that of 2018–2019. Our business operation growth significantly during the year, while the water consumption remains at the same level this year as compared to that of 2018–2019, 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 273 tonnes, representing an increase of 22 tonnes compared to the year ended 31 March 2019. 235 tonnes of paper, 10 tonnes of iron steel wastes and 28 tonnes of plastic materials were collected and delivered to waste collectors/recyclers. The intensity of non-hazardous waste (tonnes/square feet) is 0.083.

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**	
	2018–2019	**2019–2020**	2018–2019	**2019–2020**
Senior management	40.5%	**42.5%**	33.5 hours	**35 hours**
Middle management	7.5%	**8%**	7.5 hours	**8 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 10.58%. 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 2018–2019 and 2019–2020

	2018–2019	**2019–2020**
Average employee age	58	**57**
Turnover rate	10.26%	**10.58%**

Comparison of the Employees' Age Distribution Comparison between 2018–2019 and 2019–2020

Age Group	**No of Employee**		**Percentage %**	
	2018–2019	**2019–2020**	2018–2019	**2019–2020**
30 or below	80	**135**	3.4%	**3.5%**
31 to 50	426	**717**	18.3%	**18.5%**
51 or above	1,828	**3,021**	78.3%	**78.0%**
	2,334	**3,873**		

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:

	2018–2019	2019–2020
Part-Time Employees	Less than 1%	**Less than 1%**
Full-Time Employees	More than 99%	**More than 99%**
Total number of Employees	2,334	**3,873**

The following table shows the employees' gender distribution:

	2018–2019	2019–2020
Male Employees	922	**1,581**
Female Employees	1,412	**2,292**
Total number of Employees	2,334	**3,873**

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

	2018–2019	2019–2020
Office Staff	24	**26**
Front-line Technical Staff	23	**35**
Front-line Non-technical staff	2,287	**3,812**
Total number of Employees	2,334	**3,873**

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:

	2018–2019	**2019–2020**
Total no. of work-related accidents	56 cases	**100 cases**
Total no. of work-related fatalities	0 case	**1 case**
Total no. of working days involved	851,910 days	**1,088,900 days**
Total of working days lost due to work-related accidents	3,500 days	**2,000 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.

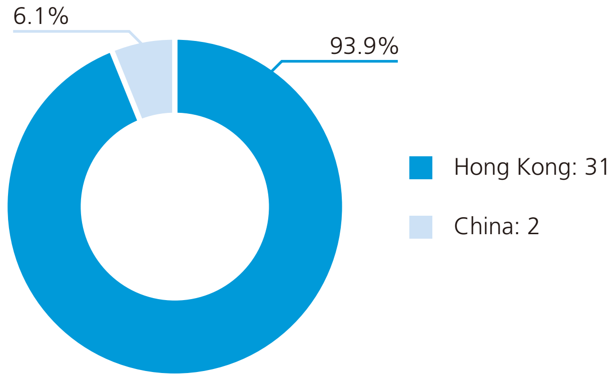
D. SUPPLY CHAIN MANAGEMENT & GREEN PROCUREMENT

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:

Supplier Distribution



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. 40 to P. 43
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection	P. 40 to P. 43
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. 41 to P. 42
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. 43
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection	P. 41
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Protection	P. 43

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. 41 to P. 43
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. 42
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection	P. 43
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection	P. 42 to P. 43
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. 43
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection	P. 43
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. 40 to P. 43
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. 40 to P. 43

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. 44 to P. 47
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Caring for Employees	P. 46
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Caring for Employees	P. 45
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. 46 to P. 47
KPI B2.1	Number and rate of work-related fatalities.	Occupational Health and Safety	P. 47
KPI B2.2	Lost days due to work injury.	During the Reporting Period, Our Group's overall lost days due to work injury is 2,000 days.	P. 47
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety	P. 47

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. 44
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Caring for Employees	P. 44
KPI B3.2	The average training hours completed per employee by gender and employee category.	Caring for Employees	P. 44
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. 47 to P. 48
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management & Green Procurement	P. 48
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. 47

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. 48
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. 48

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. 49
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. 49
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. 49
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

Independent Auditor's Report

CCTH CPA LIMITED
中正天恆會計師有限公司

TO THE SHAREHOLDERS OF MAN SHING GLOBAL HOLDINGS LIMITED
(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 (collectively referred to as the "Group") set out on pages 61 to 118, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 2020, 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 ("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.

Impairment assessment for goodwill

Refer to note 15 to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
The Group recognised goodwill in connection with the acquisition of a subsidiary, Curtaman Property Management Limited, during the year ended 31 March 2020. We focused on the impairment assessment of the goodwill amounted to (HK$4,095,000 as at 31 March 2020) as management's assessment of the "value in use" of the cash-generating units ("CGUs") of the business undertaken by the subsidiary involves judgments and estimates about the future results of the business, key assumptions including revenue growth rate and gross profit margin, long-term growth rate and the discount rates applied to future cash flow forecast.	Our procedures in relation to impairment of goodwill included: • We evaluated and challenged the composition of the Group's future cash flow forecasts in each CGU, and the process by which they were drawn up, including testing the underlying value in use calculation. • We challenged the key assumptions including revenue growth rate and gross profit margin by comparing the current year's actual results with the future plans. We considered the appropriateness of the discount rates adopted by management. • We have also considered the adequacy of the disclosure of impairment assessments of the goodwill set out in note 15 to the consolidated financial statements.

Recoverability of trade receivables

Refer to note 16 to the consolidated financial statements.

Key audit matter	How the matter was addressed in our audit
As at 31 March 2020, the Group had trade receivables with the carrying amount of approximately HK$53,055,000, of which accumulated impairment losses amounting to approximately HK$132,000 has been made. Recoverability of trade receivables involved management judgment in assessing the allowance for doubtful debts for trade receivables. The ability of the debtors to repay the Group depends on customer-specific and market conditions which involve inherent uncertainty. We have identified impairment assessment of trade receivables as a key audit matter due to the magnitude of the receivables and the estimation and judgments involved in the determination of the recoverable amounts of these receivables.	Our procedures in relation to management's impairment assessment on trade receivables included: – We obtained an understanding of the design, implementation and operating effectiveness of management's internal controls relating to credit control, debt collection and making provisions for doubtful debts. – We assessed the classification and accuracy of individual balances in trade receivables ageing report by testing the underlying invoices on a sample basis. – We assessed subsequent settlement of receivable balances. Where settlement had not been received subsequent to the year end date, we obtained an understanding of the basis of management's judgments about the recoverability of the outstanding receivables and evaluated the allowance for doubtful debts made by the management for these individual balances. – We assessed the appropriateness of the expected credit loss positioning methodology, by examining the key data inputs on a sample bases, to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit loss.

Independent Auditor's Report (Continued)

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on 25 June 2019.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 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 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 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 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 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.

- Conclude on the appropriateness of the 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.

Independent Auditor's Report (Continued)

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.

CCTH CPA Limited
Certified Public Accountants
Hong Kong, 23 June 2020
Kwong Tin Lap
Practising Certificate Number: P01953

Unit 5–6, 7/F, Greenfield Tower, Concordia Plaza
1 Science Museum Road, Tsim Sha Tsui
Kowloon, Hong Kong

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Revenue	*5*	**542,305**	342,144
Cost of services		**(482,577)**	(314,798)
Gross profit		**59,728**	27,346
Other income and gains	*6*	**1,469**	2,481
Administrative expenses		**(39,826)**	(25,493)
Finance costs	*7*	**(2,535)**	(1,467)
Profit before tax		**18,836**	2,867
Income tax expense	*8*	**(4,774)**	(641)
Profit and other comprehensive income for the year attributable to owners of the Company	*9*	**14,062**	2,226
		2020 **HK cents**	2019 HK cents
Earnings per share			
Basic and diluted	*12*	**2.34**	0.37

Consolidated Statement of Financial Position

At 31 March 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current asset			
Plant and equipment	13	**4,220**	10,955
Right-of-use assets	14	**20,011**	–
Goodwill	15	**4,095**	–
		28,326	10,955
Current assets			
Trade receivables	16	**53,055**	45,334
Prepayments, deposits and other receivables	17	**13,704**	6,889
Income tax recoverable		**–**	1,591
Pledged bank deposits	18	**31,027**	20,159
Restricted bank balances	18	**1,101**	–
Bank balances and cash	18	**40,154**	33,448
		139,041	107,421
Current liabilities			
Trade payables	19	**7,979**	9,154
Accruals and other payables	20	**36,211**	22,906
Income tax payable		**1,514**	42
Obligations under finance leases	22	**–**	2,755
Lease liabilities	21	**6,894**	–
Bank and other borrowings	23	**18,918**	11,975
		71,516	46,832
Net current assets		**67,525**	60,589
		95,851	71,544
Capital and reserves			
Share capital	26	**6,000**	6,000
Reserves		**66,892**	52,830
Total equity		**72,892**	58,830
Non-current liabilities			
Lease liabilities	21	**13,464**	–
Obligations under finance leases	22	**–**	4,623
Long service payment obligations	24	**6,573**	4,188
Deferred tax liabilities	25	**1,659**	583
Bank and other borrowings	23	**1,263**	3,320
		22,959	12,714
		95,851	71,544

The consolidated financial statements on pages 61 to 118 were approved and authorised for issue by the board of directors on 23 June 2020 and are signed on its behalf by:

Wong Chong Shing
Director

Wong Man Sing
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 *(note i)*	Retained earnings HK$'000	Total HK$'000
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 and 1 April 2019	6,000	42,463	110	10,257	58,830
Profit and total comprehensive income for the year	–	–	–	14,062	14,062
At 31 March 2020	**6,000**	**42,463**	**110**	**24,319**	**72,892**

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 2020

	Note	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
Profit before tax		**18,836**	2,867
Adjustments for:			
Finance costs		**2,535**	1,467
Bank interest income		**(218)**	(80)
Gain on disposal of plant and equipment		**(98)**	(2,358)
Provision for (reversed)/long service payment obligations		**2,441**	2,931
Impairment loss recognised in respect of trade receivables		**(341)**	162
Depreciation for plant and equipment		**1,856**	4,799
Depreciation for right-of-use assets		**5,430**	–
Operating cash flows before movements in working capital		**30,441**	9,788
(Increase) decrease in trade receivables		**(6,996)**	3,740
Increase in prepayments, deposits and other receivables		**(5,866)**	(2,086)
Increase in restricted bank balance		**(10)**	–
Decrease in trade payables		**(1,492)**	(253)
Increase (decrease) in accrual and other payables		**11,410**	(2,257)
Increase in long service payment obligations		**(407)**	(1,558)
Cash generated from operations		**27,080**	7,374
Income tax paid		**(816)**	1,777
Income tax refunded		**181**	–
Interest paid		**(2,535)**	(1,467)
Net cash generated from operating activities		**23,910**	7,684
Cash flows from investing activities			
Bank interest income		**218**	80
Purchase of plant and equipment		**(1,904)**	(2,262)
Proceeds from disposal on plant and equipment		**346**	3,310
Acquisition of subsidiary	*27*	**(3,991)**	–
Placement of pledged bank deposits		**(140,606)**	(42,404)
Withdrawal of pledged bank deposits		**129,738**	52,888
Net cash (used in)/generated from investing activities		**(16,199)**	11,612

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 March 2020

	Note	2020 HK$'000	2019 HK$'000
Cash flows from financing activities			
Repayments of obligations under finance leases		–	(4,477)
Repayment of bank and other borrowings		**(227,025)**	(198,334)
New borrowings raised		**231,911**	188,323
Payment of lease liabilities		**(5,891)**	–
Net cash used in financing activities		**(1,005)**	(14,488)
Net increase in cash and cash equivalents		**6,706**	4,808
Cash and cash equivalents at beginning of the year		**33,448**	28,640
Cash and cash equivalents at end of the year	*18*	**40,154**	33,448

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 have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 13 April 2017.

The directors consider the Company's ultimate controlling parties to be Mr. Wong Man Sing, Mr. Wong Chong Shing and Mr. Wong Chi Ho (the "Controlling Shareholders"), who are also the directors of the Company. The addresses of the registered office on the principal place 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.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is same as the functional currency of the Company.

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

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

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 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 year had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC) – Int 4 Determining whether an Arrangement contains a Lease, HK(SIC) – Int 15 operating Leases – Incentives and HK(SIC) – Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact for leases where the Group is the lessor.

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

HKFRS 16 Leases (Continued)

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) 14 – Int "Determining whether an arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease. The application of new definition of a lease has been disclosed in notes 14 and 21.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date at initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities. Any difference at the date of initial application is recognised in the opening accumulative losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

(ii) elected not to recognise right-of-use assets and lease liabilities for lease term ends within 12 months of the date of initial application;

(iii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

(iv) applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in Hong Kong was determined on a portfolio basis; and

(v) used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied range is 2% to 3.38% per annum.

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

HKFRS 16 Leases (Continued)

As a lessee (Continued)

	At 1 April 2019 HK$'000
Operating lease commitments disclosed as at 31 March 2019	354
Lease liabilities as at 1 April 2019 (discounted at relevant incremental borrowing rate of 2% to 3.38% per annum)	348
Add: Obligations under finance leases as at 31 March 2019	7,378
Less: Commitment relating to short-term lease and those leases with a remaining lease term ended within 12 months from the date of initial application and low-value assets	(40)
Lease liabilities as at 1 April 2019	7,686
Analysed as:	
Current	3,063
Non-current	4,623
	7,686

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use assets HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	308
Right-of-use assets relating to assets under finance lease recognised upon application of HKFRS 16	6,623
	6,931

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

HKFRS 16 Leases (Continued)

As a lessee (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included:

	Carrying amounts previously reported at 31 March 2019	Adjustments	Carrying amounts under HKFRS 16 at 1 April 2019
	HK$'000	HK$'000	HK$'000
Non-current Assets			
Property, plant and equipment	10,955	(6,623)	4,032
Right-of-use assets	–	6,931	6,931
Current Liabilities			
Obligations under finance leases	2,755	(2,755)	–
Lease liabilities	–	3,063	3,063
Non-current Liabilities			
Obligations under finance leases	4,623	(4,623)	–
Lease liabilities	–	4,623	4,623

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

HKFRS 17	Insurance Contracts[1]
Amendments to HKFRS 3	Definition of a Business[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments "The Amendments to References to the Conceptual Framework in HKFRS Standards" will be effective for annual periods beginning on or after 1 January 2020.

The directors of the Company anticipate that the application of all other new and amendments to HKFRS that are not yet effective, will have no material impact on the consolidated financial statements in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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 on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in the 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 at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, 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. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its 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 Group ceases to control the subsidiary.

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received/receivable and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations (Continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent period.

Revenue from contracts with customers

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

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

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

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

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

Output method

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 from contracts with customers (Continued)

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

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

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis, except for the allocation of discounts.

The stand-alone selling price of the distinct goods or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell promised goods or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customers.

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, 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 property, 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)

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in Note 2)

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 2)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the consolidated financial statements would not differ materially from individual leases within the portfolio.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of properties that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets, Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 2) (Continued)

Right-of-use assets (Continued)

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life, Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term upon exercising purchase options. The cost of the relevant right-of-use assets and related accumulated depreciation and impairment loss are transferred to plant and equipment.

Refundable rental deposits

Refundable rental deposits paid are accounted for under HKFRS 9 Financial Instruments ("HKFRS 9") and are initially measured at fair value, Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date, In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments includes:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in Note 2) (Continued)

Lease liabilities (Continued)

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date, Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period in which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities and makes a corresponding adjustment to the related right-of-use assets whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review. in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use assets, When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as lessee (prior to 1 April 2019)

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.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term, Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred,

Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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 differences and it is probable that the temporary differences 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)

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 rates (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 is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. 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 market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) 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 FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which is derived from the Group's ordinary course of business are presented as other income.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3"Business Combination" applies.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets 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 asset that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If 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 from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(ii) Financial assets designated as at FVTOCI

Financial assets at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the financial assets, and will be taken to retained earnings.

Dividends from these financial assets are recognised in profit or loss when the Group's right to receive dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated at FVTOCI are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest earned on the financial assets.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, pledged bank deposits, restricted bank balances and bank balances and cash) which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and collectively using a provision matrix with appropriate groupings.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk

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

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

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

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

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when 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).

Irrespective of the above, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default 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:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) 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;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, 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 two years 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. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e; the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the below basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified either as 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 the Group after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities, including trade payables, accruals and other payables, bank and other borrowings, obligations under finance lease and lease liabilities, are subsequently measured at amortised cost, using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments (Continued)

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.

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. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

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.

Impairment losses on intangible and tangibles assets (other than goodwill)

At the end of the reporting period, the Group reviews the carrying amounts of its intangible and tangibles assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where 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.

Intangible assets within indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on intangible and tangibles assets (other than goodwill) (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production 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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense when employees have rendered services entitling them to the contributions.

Short-term and other long-term employee benefits

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 judgments, 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.

Impairment of plant and equipment and right-of-use assets

Management of the Group determines on a regular basis whether there are any indications that the plant and equipment and right-of-use assets are impaired. Plant and equipment and right-of-use assets are impaired when the carrying amount of the assets exceed their recoverable amount, which is determined based on the higher of fair value less costs of disposal and value in use. The fair values of plant and equipment and right-of-use assets are estimated by reference to their expected selling prices which are affected by various factors, including market conditions and the technological occurrence. The value in use calculation requires the use of estimates such as the future revenue and discount rates. If the recoverable amount of plant and equipment and right-of-use assets are estimated to be less than their respective carrying amount, the carrying amount of the asset is reduced to its recoverable amounts and an impairment loss is recognised immediately in profit or loss. As at 31 March 2020, the carrying amounts of plant and equipment and right-of-use assets are approximately HK$4,220,000 (2019: HK$10,955,000) and HK$20,011,000 (2019: Nil) respectively. No impairment loss of plant and equipment and right-of-use assets (2019: Nil) has been recognised in respect of the current year.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Provision for long service payment obligations

The present value of long service payment obligations 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 2020, the carrying amount of the provision for long service payment obligations is approximately HK$6,573,000 (2019: HK$4,188,000).

Depreciation of Plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives after taking into account their estimated residual values. The determination of the useful lives involves management's estimation. The Group assesses annually the useful lives of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation charges for the future years.

Impairment of receivables

The Group applies the simplified approach to provide for expected credit loss in respect of trade receivables. The provision rates are based on groupings of various debtors that have similar loss patterns and the Group's historical default rates (taking into consideration forward-looking information that is supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, the Group's receivables with significant balances and credit impaired are assessed for expected credit loss individually. The provision for expected credit loss is sensitive to changes in estimates.

For the assessment of expected credit loss of other receivables at amortised cost, the Group uses four categories which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings, where possible.

The information about the expected credit loss of the Group's receivables are disclosed in note 16.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 31 March 2020 is HK$4,095,000 (2019: Nil). No impairment of goodwill was recognised in respect of the current year (2019: Nil). Details of the impairment testing of goodwill are set out in note 15.

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 disaggregated by service lines:

	2020 HK$'000	2019 HK$'000
Street cleaning solutions	375,099	182,065
Building cleaning solutions	96,368	101,585
Bus and ferry cleaning solutions	44,296	45,200
Others	26,542	13,294
	542,305	342,144

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.

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 2020 and 31 March 2019 and the expected timing of recognising revenue are as follows:

	As at 31 March 2020		
	Cleaning services for government and public utility customers HK$'000	Cleaning services for non-government and non-public utility customers HK$'000	Total HK$'000
Within one year	444,313	54,977	499,290
More than one year but not more than two years	150,048	9,168	159,216
More than two years	–	–	–
	594,361	64,145	658,506

5. REVENUE AND SEGMENT INFORMATION (Continued)

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

	As at 31 March 2019		
	Cleaning services for government and public utility customers HK$'000	Cleaning services for non-government and non-public utility customers HK$'000	Total HK$'000
Within one year	145,234	34,707	179,941
More than one year but not more than two years	33,462	732	34,194
More than two years	5,042	–	5,042
	183,738	35,439	219,177

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 results, assets and liabilities of this single business. 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 individual customers contributing over 10% of the revenue of the Group is as follows:

	2020 HK$'000	2019 HK$'000
Customer A	**375,215**	182,065

6. OTHER INCOME AND GAINS

	2020 **HK$'000**	2019 HK$'000
Bank interest income	**218**	80
Gain on disposal of plant and equipment	**98**	2,358
Impairment loss on trade receivables reversed (note 16)	**342**	–
Sundry income	**811**	43
	1,469	2,481

7. FINANCE COSTS

	2020 **HK$'000**	2019 HK$'000
Interest on:		
Bank and other borrowings	**1,449**	887
Obligations under finance leases	**–**	580
Lease liabilities	**1,086**	–
	2,535	1,467

8. INCOME TAX EXPENSE

	2020 **HK$'000**	2019 HK$'000
Current tax:		
Hong Kong Profits Tax		
Provision for the year	**2,238**	193
Underprovision in prior years	**1,460**	–
	3,698	193
Deferred tax charge *(note 25)*	**1,076**	448
	4,774	641

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No.7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of the assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the rate of 16.5%.

8. INCOME TAX EXPENSE (Continued)

Hong Kong Profits Tax is calculated at 8.25% (2019: 8.25%) on the first HK$2 million of the estimated assessable profits and at 16.5% (2019: 16.5%) on the estimated assessable profits above HK$2 million.

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

	2020 HK$'000	2019 HK$'000
Profit before tax	**18,836**	2,867
Tax charge at the tax rate of 16.5% (2019: 16.5%)	**3,108**	473
Tax effect of expenses not deductible for tax purpose	**2,776**	755
Tax effect of income not taxable for tax purpose	**(2,646)**	(402)
Tax effect on two-tiered profits tax rates regime	**(165)**	(165)
Utilisation of tax losses previously not recognised	**(167)**	–
Underprovision in prior years	**1,460**	–
Others	**408**	(20)
Income tax expense	**4,774**	641

9. PROFIT FOR THE YEAR

The Group's profit for the year before tax is arrived at after charging:

	2020 HK$'000	2019 HK$'000
Staff costs (including directors' remuneration)		
Directors' remuneration	**5,748**	3,758
Wages, salaries and other benefits	**407,660**	262,517
Retirement benefits scheme contributions	**10,366**	7,496
Provision for long service payments	**2,792**	2,931
Redundancy costs	**5,438**	845
Total staff costs	**432,004**	277,547
Auditors' remuneration	**500**	683
Depreciation of plant and equipment:		
– owned by the Group	**1,856**	747
– held under finance leases obligations	**–**	4,052
Depreciation of right-of-use assets	**5,430**	–
Minimum lease payments under operating leases in respect of offices	**–**	363
Short term-lease expenses	**40**	–

10. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES

(a) Directors' emoluments

Details of emoluments paid by the Group to the directors of the Company are as follows:

2020	**Fees HK$'000**	**Salaries and other benefits HK$'000**	**Discretionary bonus HK$'000 *(Note ii)***	**Contributions to retirement benefits scheme HK$'000**	**Total HK$'000**
Executive directors					
Mr. Wong Man Sing *(Note i)*	**–**	**1,507**	**502**	**18**	**2,027**
Mr. Wong Chong Shing	**–**	**1,507**	**502**	**18**	**2,027**
Mr. Wong Chi Ho	**–**	**960**	**320**	**18**	**1,298**
Independent non-executive directors					
Mr. Lee Pak Chung	**150**	**–**	**–**	**–**	**150**
Mr. Au-Yeung Tin Wah	**150**	**–**	**–**	**–**	**150**
Mr. Chiu Ka Wai	**150**	**–**	**–**	**–**	**150**
	450	**3,974**	**1,324**	**54**	**5,802**

2019	Fees HK$'000	Salaries and other benefits HK$'000	Discretionary bonus HK$'000 *(Note ii)*	Contributions to retirement benefits scheme HK$'000	Total HK$'000
Executive directors					
Mr. Wong Man Sing *(Note i)*	–	1,242	81	18	1,341
Mr. Wong Chong Shing	–	1,242	81	18	1,341
Mr. Wong Chi Ho	–	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

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) Discretionary bonus is determined based on individual performance.

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

(b) Employees' emoluments

The five highest paid employees during the year included three directors (2019: three directors) whose remuneration is included in the disclosures above. Details of the remuneration of the remaining two highest paid employees (2019: two) individuals are as follows:

	2020 HK$'000	2019 HK$'000
Salaries and allowances	**1,932**	1,796
Retirement benefits scheme contributions	**36**	36
	1,968	1,832

The remuneration of these two highest paid employees (2019: two employees) fell within the following bands:

	2020	2019
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	1

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2020, nor has any dividend been proposed since the end of the reporting date (2019: Nil).

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following:

	2020 HK$'000	2019 HK$'000
Earnings for the purpose of the basis earnings per share		
Profit for the year attributable to owners of the Company	**14,062**	2,226

	Number of shares	
	2020 '000	2019 '000
Number of shares for the purpose of basic earnings per share		
Weighted average number of ordinary shares in issue	**600,000**	600,000

The diluted earnings per share is equal to the basic earnings per share as there are no dilutive potential ordinary shares outstanding during the years ended 31 March 2020 and 2019.

13. PLANT AND EQUIPMENT

	Office equipment HK$'000	Equipment and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Leasehold improvement HK$'000	Total HK$'000
COST						
At 1 April 2018	1,018	8,480	365	44,225	–	54,088
Additions	51	2,199	12	1,799	–	4,061
Disposals	–	–	–	(6,827)	–	(6,827)
At 31 March 2019	1,069	10,679	377	39,197	–	51,322
Adjustments upon application of HKFRS 16	–	–	–	(12,953)	–	(12,953)
At 1 April 2019	1,069	10,679	377	26,244	–	38,369
Additions	76	385	85	694	664	1,904
Acquisition of subsidiary *(note 27)*	48	–	40	–	–	88
Disposals	–	–	–	(753)	–	(753)
At 31 March 2020	**1,193**	**11,064**	**502**	**26,185**	**664**	**39,608**
ACCUMULATED DEPRECIATION						
At 1 April 2018	813	7,199	345	33,086	–	41,443
Charge for the year	142	596	9	4,052	–	4,799
Eliminated on disposals	–	–	–	(5,875)	–	(5,875)
At 31 March 2019	955	7,795	354	31,263	–	40,367
Adjustments upon application of HKFRS 16	–	–	–	(6,330)	–	(6,330)
At 1 April 2019	955	7,795	354	24,933	–	34,037
Charge for the year	103	829	33	618	273	1,856
Eliminated on disposals	–	–	–	(505)	–	(505)
At 31 March 2020	**1,058**	**8,624**	**387**	**25,046**	**273**	**35,388**
CARRYING AMOUNT						
At 31 March 2020	**135**	**2,440**	**115**	**1,139**	**391**	**4,220**
At 31 March 2019	114	2,884	23	7,934	–	10,955

The above items of plant and equipment are depreciated on a straight-line basis as follows:

Office equipment	20% per annum
Equipment and machinery	20% per annum
Furniture and fixtures	20% per annum
Motor vehicles	20% per annum
Leasehold improvement	over the lease terms

13. PLANT AND EQUIPMENT (Continued)

The motor vehicles with the carrying amount of HK$Nil at 31 March 2020 (2019: approximately HK$7,934,000) are held under finance leases as at that date.

The motor vehicles with the carrying amount of approximately HK$Nil at 31 March 2020 (2019: HK$Nil) are pledged for the other borrowings (note 23(v)).

14. RIGHT-OF-USE ASSETS

	Leased motor vehicles HK$'000	**Leased properties** HK$'000	**Total** HK$'000 *(Note)*
Carrying amount at 1 April 2019 *(Note 2)*	6,623	308	6,931
Additions	18,287	223	18,510
Depreciation provided for the year ended 31 March 2020	(5,109)	(321)	(5,430)
Carrying amount at 31 March 2020	19,801	210	20,011
Expense relating to short-term leases and other leases with lease terms end within twelve months of the date of initial application of HKFRS 16			40
Total cash outflow for leases			5,891

Notes:

(i) Leased motor vehicles

The Group entered into finance lease arrangements for its motor vehicles. The average lease terms are three years with the purchase options at minimal consideration at end of the lease periods. Depreciation of the leased motor vehicles is calculated on a straight-line basis at 20% per annum. The Group's interests in the leased motor vehicles were charged for the payables under the relevant finance leases (note 21).

(ii) Leased properties

The Group leases offices for its operations. Lease contracts are entered into for fixed term of one year to four years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Depreciation of the leased properties is calculated on a straight-line basis over the lease terms.

As at 31 March 2020, the Group has extension and/or termination options in a number of leases for offices. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors. There was no potential exposures to these future lease payments for (i) extension options in which the Group is not reasonably certain to exercise and (ii) termination options in which the Group is not reasonably certain not to exercise.

15. GOODWILL

	2020 HK$'000	2019 HK$'000
Cost		
At beginning of the year	–	–
Acquisition of subsidiaries *(note 27)*	4,095	–
At end of the year	4,095	–

Impairment testing of goodwill

Cost of the goodwill has been allocated for impairment testing purpose to the following groups of cash generating units ("CGUs")

	2020 HK$'000	2019 HK$'000
Property management	4,095	–
At 31 March	4,095	–

Property management

Key assumptions adopted in the preparation of cash flow projections for value in use calculation are as follows:

	2020
Compound annual growth rate of revenue in five-year period	2%
Annual growth rate beyond the five-year period	2%
Discount rate	14%

The budgeted gross margin used for the preparation of the cash flow projections is estimated with reference to the actual performance for the year ended 31 March 2020, with adjustment on the inflation of direct service costs.

The average annual revenue growth rate of revenue is estimated by management based on past performance, industry forecast and its expectation of market development. The discount rate used is before tax and reflects specific risks relating to this group of CGUs.

In respect of the goodwill allocated to the CGUs of property management, the directors consider it appropriate not to recognise impairment loss of goodwill based on the recoverable amount of the CGUs.

16. TRADE RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables	**53,055**	45,334

As at 31 March 2020, the gross amount of trade receivables arising from contracts with customers amounted to HK$53,187,000 (2019: HK$45,808,000).

The Group allows a credit period of not more than 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 approximate the respective revenue recognition dates, at the end of the reporting period.

	2020 HK$'000	2019 HK$'000
0 to 60 days	**50,962**	42,000
61 to 90 days	**1,291**	2,286
Over 91 days	**802**	1,048
	53,055	45,334

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 2020, the gross amount of trade receivables from government and public utility customers with an aggregate amount of approximately HK$35,266,000 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 gross trade receivables of HK$17,921,000, 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 2020, the Group has provided HK$132,000 (2019: HK$474,000) impairment allowance for non-government and non-public utility customers.

The gross carrying amounts for the year ended 31 March 2020 are shown as follows:

Non-government and non-public utility customers:	**Trade receivable** HK$'000
0 to 60 days	15,464
61 to 120 days	1,534
121 to 180 days	270
181 to 360 days	105
More than 360 days	416
	17,789

16. TRADE RECEIVABLES (Continued)

Movements in the impairment loss recognised on trade receivables during the year ended 31 March 2020 are as follows:

	2020 HK$'000	2019 HK$'000
Balance at beginning of the year	**474**	312
Loss allowance (reversed)/recognised during the year	**(342)**	162
Balance at end of the year	**132**	474

As at 31 March 2020, the Group pledged the trade receivables with net carrying values of approximately HK$25,754,000 (2019: HK$15,903,000) to secure bank borrowings. Details of pledge of assets are set out in note 32.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Deposits	**7,746**	3,459
Prepayments	**5,250**	2,344
Other receivables	**708**	1,086
	13,704	6,889

18. PLEDGED BANK DEPOSITS, RESTRICTED BANK BALANCES AND BANK BALANCES AND CASH

(i) The bank deposits amounted to HK$31,027,000 (2019: HK$20,159,000) were pledged to secure bank and other borrowings granted to the Group (notes 23 and 32).

(ii) The restricted bank balances amounted to HK$1,101,000 (2019: Nil) are solely applied for the payments of expenses for certain properties managed by the Group.

(iii) The bank balances and cash are analysed as follows:

	2020 HK$'000	2019 HK$'000
Cash and cash equivalents for consolidated cash flow statement		
Bank balances and cash	**40,154**	33,448

The bank balances and pledged bank deposits totalled approximately HK$71,181,000 (2019: HK$53,607,000) earned interest at floating rates based on daily bank deposit rates.

19. TRADE PAYABLES

	2020 HK$'000	2019 HK$'000
Trade payables	**7,979**	9,154

An aged analysis of trade payables as at the end of the reporting period, based on invoice date, is as follows:

	2020 HK$'000	2019 HK$'000
0 to 60 days	**3,332**	4,426
61 to 90 days	**10**	825
Over 91 days	**4,637**	3,903
	7,979	9,154

The trade payables are interest free and 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.

20. ACCRUALS AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000
Accrued expenses	**34,354**	21,987
Other payables	**1,857**	919
	36,211	22,906

21. LEASE LIABILITIES

	2020 HK$'000
Lease liabilities payable:	
Within one year	**6,894**
Within a period of more than one year but not more than two years	**13,464**
	20,358
Less: Amount due for settlement within twelve months	**(6,894)**
Amount due for settlement after twelve months shown under non-current liabilities	**13,464**

21. LEASE LIABILITIES (Continued)

These lease liabilities arose from the lease of motor vehicles under finance leases (note 14) and were secured by the lessor's charge over the leased assets. The effective interest rate for the lease liabilities as at 31 March 2020 ranged from 2% to 3.42% per annum.

22. OBLIGATIONS UNDER FINANCE LEASES

	2019
	HK$'000
Analysed for reporting purposes as:	
Current liabilities	2,755
Non-current liabilities	4,623
	7,378

	Minimum lease payments At 31 March 2019	**Present value of minimum lease payments At 31 March 2019**
	HK$'000	HK$'000
Amounts payable under finance leases		
Within one year	3,038	2,755
More than one year but less than two years	2,692	2,521
More than two years but less than five years	2,174	2,102
	7,904	7,378
Less: future finance charges	(526)	N/A
Present value of obligations under finance leases	7,378	7,378
Less: Amount due for settlement within one year (shown under current liabilities)		(2,755)
Amount due for settlement after one year		4,623

The Group entered into finance lease arrangements of motor vehicles. The average lease terms are 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. 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.

The Group's obligations under finance leases at 31 March 2019 are secured by the lessor's charge over the leased assets (note 13).

23. BANK AND OTHER BORROWINGS

	2020 **HK$'000**	2019 HK$'000
Bank borrowings – secured *(notes (i) & (ii))*	**16,861**	10,055
Other borrowings – secured *(notes (iii) & (iv))*	**3,320**	5,240
	20,181	15,295

	2020 **HK$'000**	2019 HK$'000
Carrying amount repayable:		
Within one year	**18,918**	11,975
In the second year	**1,263**	2,057
In the third to fifth years, inclusive	**–**	1,263
	20,181	15,295
Less: Carrying amount repayable on demand or within one year shown under current liabilities	**(18,918)**	(11,975)
Amount shown under non-current liabilities	**1,263**	3,320

Notes:

(i) The bank and other borrowings were denominated in HK$ as at 31 March 2020 and 2019.

(ii) At 31 March 2020, 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% (2019: 1.95% to 7.00%) per annum.

(iii) At 31 March 2020, 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 instalments 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.

(v) The bank borrowings amounted to HK$29,440,000 outstanding at 31 March 2020 (2019: HK$10,055,000) are secured by pledge of bank deposits and trade receivables of the Group.

Other borrowings at 31 March 2020 are borrowings amounted to HK$3,320,000 (2019: HK$5,240,000) which are secured by motor vehicles with the carrying amount of HK$Nil (2019: Nil) at that date respectively.

23. 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:

	2020	2019
	HK$'000	HK$'000
Facility amount	**212,800**	110,743
Utilisation		
– Secured bank borrowings	**16,861**	10,055
– Performance bonds *(note 37(a))*	**53,054**	24,775
	69,915	34,830

As at 31 March 2020 and 2019, banking facilities and bank guarantees were secured by assets pledged as set out in note 32 and limited corporate guarantees executed by the Company and corporate guarantees given by certain entities within the Group.

24. 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.

Movements in the long service payment obligations are as follows:

	2020	2019
	HK$'000	HK$'000
At beginning of the year	**4,188**	2,815
Acquisition of subsidiaries *(note 27)*	**351**	–
Charged to profit or loss	**2,441**	2,931
Paid during the year	**(407)**	(1,558)
At the end of the year	**6,573**	4,188

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

25. DEFERRED TAX LIABILITIES

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2020 HK$'000	2019 HK$'000
Deferred tax liabilities	**2,034**	1,059
Deferred tax assets	**(375)**	(476)
Net deferred tax liabilities	**1,659**	583

Movements in deferred tax liabilities during the year are as follows:

	Accelerated tax depreciation HK$'000	**Tax losses** HK$'000	**Total** HK$'000
At 1 April 2018	954	(819)	135
Charged to profit or loss *(note 7)*	105	343	448
At 31 March 2019 and 1 April 2019	1,059	(476)	583
Charged to profit or loss *(note 7)*	975	101	1,076
At 31 March 2020	**2,034**	**(375)**	**1,659**

26. SHARE CAPITAL

	2020		2019	
	Number of ordinary shares '000	**Share capital HK$'000**	Number of ordinary shares '000	Share capital HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	**10,000,000**	**100,000**	10,000,000	100,000
Issued and fully paid:				
At beginning and end of the year	**600,000**	**6,000**	600,000	6,000

27. ACQUISITION OF SUBSIDIARIES

Acquisition of Curtaman Property Management Limited ("Curtaman")

On 23 July 2019, the Company's subsidiary, Matrix International Investment Limited ("Matrix"), as the purchaser, and LCH Group Limited ("LCH"), as a vendor, entered into an agreement, pursuant to which the vendor has conditionally agreed to sell and Matrix has conditionally agreed to acquire 100% of the issued share capital of Curtaman for a consideration of HK$4,800,000. Curtaman is principally engaged in the provision of property management services.

Completion of the acquisition of 100% equity interest in Curtaman took place on 2 October 2019. Following the completion of acquisition, Curtaman became a wholly-owned subsidiary of the Company. The acquisition of Curtaman is to enable the Group to explore its business of property management in Hong Kong.

Pursuant to the acquisition agreement, the consideration to the extent of approximately HK$4,449,000 was paid in cash by the Group with the remaining balance of approximately HK$351,000 satisfied by the settlement of obligations of long service payment for existing staff of Curtaman.

The acquisition of Curtaman has been accounted for using the purchase method.

The acquisition-related costs are insignificant and are included in administrative expenses.

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Assets	
Plant and equipment	**88**
Trade receivables	**384**
Prepayment, deposits and other receivables	**951**
Restricted bank balances	**1,091**
Bank balances and cash	**1,549**
Liabilities	
Trade payables	**(317)**
Accruals and other payables	**(2,964)**
Income tax payable	**(77)**
Total identifiable net assets acquired	**705**

The fair value of trade and other receivables at the date of acquisition amounted to HK$389,000. The gross contractual amount of the trade and other receivables acquired amounted to HK$389,000. No contractual cash flows at acquisition date is expected to be distributed. Included in other receivables are receivable of HK$458,000 an entity, a director of which is the vendor's director.

27. ACQUISITION OF SUBSIDIARIES (Continued)

Acquisition of Curtaman Property Management Limited ("Curtaman") (Continued)

Goodwill on acquisition

	HK$'000
Consideration transferred	
– cash paid	4,449
– provision for long service payment obligations	351
	4,800
Recognised amount of identifiable net assets acquired	(705)
Goodwill arising on acquisition *(note 14)*	4,095

An analysis of cash flows in respect of the acquisition of Curtaman is as follows:

	HK$'000
Consideration paid in cash	4,449
Cash and cash equivalents acquired	(458)
Net outflow of cash and cash equivalents	3,991

Included in the profit of the Group for the year is the loss of HK$352,000 attributable to the additional business generated by Curtaman. The Group's revenue for the year includes HK$4,052,000 generated from Curtaman.

Had the acquisition been completed on 1 April 2019, revenue for the year of the Group would have been HK$546,722,000, and profit for the year of the Group would have been HK$14,774,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2019, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit/loss of the Group had Curtaman been acquired at the beginning of the current year, the directors of the Company have:

- calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements; and
- determined borrowing costs based on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

28. OPERATING LEASE COMMITMENT

The Group as lessee

The Group is the lessee in respect of a number of properties for the office, which are held under leases previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 April 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 April 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the accounting policies set out in note 3.

At 31 March 2019, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

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

29. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debts, representing bank and other borrowings less bank balances and cash, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration of future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2020 HK$'000	2019 HK$'000
Financial assets		
Financial assets at amortised cost	**133,791**	103,486
Financial liabilities		
Financial liabilities at amortised cost	**84,729**	54,733

(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, lease liabilities 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 2020, 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 37(a).

As at 31 March 2020, the Group has concentration of credit risk as 43% (2019: 32%) and 67% (2019: 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. In addition, the Group performs impairment assessment individually for trade receivables from government and public utility customers, and under the ECL model 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 corresponding industries default rates, taking into account both quantitative and qualitative information that is reasonable and supportable; 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 receivables, the Group has assessed the ECL based on 12-month ECL except that 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 lifetime 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.

30. 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 borrowings (see notes 22 and 23 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 2020, the Group was exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 23 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 (2019: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease (2019: increase/decrease) by approximately HK$112,000 for the year ended 31 March 2020 (2019: HK$84,000). 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 2020, the Group has available unutilised short-term bank loan facilities of approximately HK$142,885,000 (2019: HK$75,913,000). Details of which are set out in note 23.

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 tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have 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.

In addition, the following tables also detail the Group's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual cashflows of the financial assets including interest that will be earned on the assets. The inclusion of information on these non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

30. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

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.

The Group

At 31 March 2020	Weighted average interest rate HK$'000	Within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Non-derivative financial assets						
Trade receivables	–	53,055	–	–	53,055	53,055
Deposits and other receivables	–	8,454	–	–	8,454	8,454
Pledged bank deposits	–	31,027	–	–	31,027	31,027
Restricted bank balances	–	1,101	–	–	1,101	1,101
Bank balances and cash	–	40,154	–	–	40,154	40,154
		132,690	–	–	133,791	133,791
Non-derivative financial liabilities						
Trade payables	–	7,979	–	–	7,979	7,979
Accruals and other payables	–	36,211	–	–	36,211	36,211
Lease liabilities	2%–3.42%	7,743	14,223	–	21,966	20,358
Bank and others borrowings	1.95%–7%	19,071	1,289	–	20,360	20,181
		71,004	15,512	–	86,516	84,729

30. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

The Group (Continued)

At 31 March 2019	Weighted average interest rate HK$'000	Within 1 year HK$'000	More than 1 year but less than 5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
Non-derivative financial assets						
Trade receivables	–	45,334	–	–	45,334	45,334
Deposit and other receivables	–	4,545	–	–	4,545	4,545
Pledged bank deposits	–	20,159	–	–	20,159	20,159
Bank balances and cash	–	33,448	–	–	33,448	33,448
		103,486	–	–	103,486	103,486
Non-derivative financial liabilities						
Trade payables	–	9,154	–	–	9,154	9,154
Accruals and other payables	–	22,906	–	–	22,906	22,906
Obligations under finance leases	1.8%–3.75%	3,038	4,866	–	7,904	7,378
Bank and others borrowings	1.95%–7%	12,315	3,499	–	15,814	15,295
		47,413	8,365	–	55,778	54,733

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.

30. 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.

31. 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 2019 HK$'000	**Financing cash (outflows)/ inflows HK$'000**	**Non-cash change HK$'000**	**As at 31 March 2020 HK$'000**
Lease liabilities	**7,726**	**(5,891)**	**18,523**	**20,358**
Bank and other borrowings	**15,295**	**4,886**	**–**	**20,181**
	23,021	**(1,005)**	**18,523**	**40,539**

	As at 1 April 2018 HK$'000	Financing cash outflows HK$'000	Non-cash change HK$'000	As at 31 March 2019 HK$'000
Obligation under finance leases	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

32. 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:

	2020 **HK$'000**	2019 HK$'000
Trade receivables	**25,754**	15,903
Pledged bank deposits	**31,027**	20,159
	56,781	36,062

33. RELATED PARTY TRANSACTIONS

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

(a) In addition to the transactions and balances with related parties detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties during the year:

	Notes	**2020** **HK$'000**	2019 HK$'000
Substantial shareholder and director:			
Lease payment	*(i)*	**328**	–
Rental expenses	*(i)*	**40**	363
Director of a subsidiary:			
Consultancy fee	*(ii)*	**150**	–

Notes:

(i) Lease payment and rental expenses to substantial shareholder and director, Wong Chong Shing, was made on mutually agreed terms.

(ii) Consultancy fee paid to a director of a subsidiary, Mr. Lo Wing Keung, was made on mutually agreed terms.

(b) Compensation of key management personnel

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

34. SHARE OPTION SCHEME

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.

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, exercised or lapsed since the adoption of the scheme and during the years ended 31 March 2020 and 2019.

35. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF") for all qualifying employees in Hong Kong. The assets of the MPF are held separately from those of the Group in funds under the control of trustees.

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 contribution paid or payable to the schemes by the Group in respect of the year which were charged to profit or loss amounted to approximately HK$10,365,000 (2019: HK$7,496,000).

Apart from the above, the Group has no significant obligations under retirement benefit schemes at the end of both of the years presented.

36. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2020, the Group entered into finance lease arrangements in respect of motor vehicles with a total capital value at the inception of the leases of approximately HK$18,308,900 (2019: HK$1,799,000).

37. CONTINGENT LIABILITIES

(a) Performance bonds

	2020 HK$'000	2019 HK$'000
Guarantees on performance bonds in respect of service contracts	**53,054**	24,775

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.

(b) Litigation

During the years ended 31 March 2020 and 2019, 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.

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020	2019
	HK$'000	HK$'000
Non-current assets		
Investments in subsidiaries	**30,070**	30,070
Current assets		
Prepayments and other receivables	**236**	236
Amounts due from subsidiaries	**18,514**	21,517
Bank balances	**740**	674
	19,490	22,427
Current liabilities		
Accruals and other payables	**1,386**	1,915
	1,386	1,915
Net current assets	**18,104**	20,512
Net assets	**48,174**	50,582
Capital and reserves		
Share capital	**6,000**	6,000
Reserves	**42,174**	44,582
Total equity	**48,174**	50,582

The Company's statement of financial position was approved and authorised for issue by the board of directors on 23 June 2020 and is signed on its behalf by:

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

38. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Movement of the reserves of the Company are as follows:

	Share premium HK$'000 *(note i)*	Other reserve HK$'000 *(note ii)*	Accumulated losses HK$'000	Total HK$'000
At 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 and 1 April 2019	**42,463**	**30,070**	**(27,951)**	**44,582**
Loss and total comprehensive expense for the year	**–**	**–**	**(2,408)**	**(2,408)**
At 31 March 2020	**42,463**	**30,070**	**(30,359)**	**42,174**

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.

39. 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 2020	31 March 2019	
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
Matrix International Investments Limited	Hong Kong 6 November 2017	HK$1	**100%**	100%	Investment holding
Curtamun Property Management Ltd	Hong Kong 7 January 1983	HK$500,000	**100%**	–	Property management

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.