



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 INTERIM 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 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



The board (the “**Board**”) of Directors is pleased to present the unaudited condensed consolidated interim results of the Group for the six months ended 30 September 2020, together with the comparative unaudited figures for the corresponding period in 2019.

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

For the six months ended 30 September 2020

	Notes	Three months ended 30 September		Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	3	145,517	132,909	291,852	240,987
Cost of sales		(127,123)	(117,239)	(253,961)	(215,925)
Gross profit		18,394	15,670	37,891	25,062
Other income	4	5,095	185	7,333	361
Administrative expenses		(11,441)	(11,974)	(23,139)	(18,934)
Finance costs	5	(592)	(645)	(1,207)	(1,081)
Profit before tax		11,456	3,236	20,878	5,408
Income tax expenses	6	(1,706)	(376)	(2,737)	(630)
Profit and total comprehensive income for the period	7	9,750	2,860	18,141	4,778
Earnings per shares (HK cents)					
Basic and diluted	8	1.63	0.48	3.02	0.80

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 September 2020

	Notes	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Non-current assets			
Plant and equipment	10	3,401	4,220
Right-of-use assets		18,360	20,011
Goodwill		4,095	4,095
		25,856	28,326
Current assets			
Trade receivables	11	79,156	53,055
Prepayments, deposits and other receivables		15,541	13,704
Pledged bank deposits		30,119	31,027
Restricted bank balances		1,261	1,101
Bank balances and cash		57,348	40,154
		183,425	139,041
Current liabilities			
Trade payables	12	7,191	7,979
Accruals and other payables		42,883	36,211
Income tax payable		1,482	1,514
Lease liabilities		18,516	6,894
Bank and other borrowings		37,139	18,918
		107,211	71,516
Net current assets		76,214	67,525
		102,070	95,851
Capital and reserves			
Share capital	13	6,000	6,000
Reserves		85,033	66,892
Total equity		91,033	72,892
Non-current liabilities			
Lease liabilities		43	13,464
Long service payment obligations		9,361	6,573
Deferred tax liabilities		1,450	1,659
Bank and other borrowings		183	1,263
		11,037	22,959
		102,070	95,851



Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2020

	Share Capital HK\$'000	Share Premium HK\$'000	Other Reserve HK\$'000 (Note i)	Retained Earnings HK\$'000	Total Equity HK\$'000
Balance as at 1 April 2020	6,000	42,463	110	24,319	72,892
Profit for the period	–	–	–	18,141	18,141
Balance as at 30 September 2020 (Unaudited)	6,000	42,463	110	42,460	91,033
Balance as at 1 April 2019	6,000	42,463	110	10,257	58,830
Profit for the period	–	–	–	4,778	4,778
Balance as at 30 September 2019 (Unaudited)	6,000	42,463	110	15,035	63,608

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.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES	2,718	(14,912)
NET CASH (USED IN) INVESTING ACTIVITIES	(866)	(33,132)
NET CASH GENERATED FROM FINANCING ACTIVITIES	15,342	27,514
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	17,194	(20,530)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	40,154	33,448
CASH AND CASH EQUIVALENTS AT END OF PERIOD	57,348	12,918



Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2020

1. GENERAL INFORMATION

The Company was incorporated on 18 March 2016 in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and the shares of the Company are listed on the GEM of the Stock Exchange since 13 April 2017.

The Directors consider the ultimate controlling parties during the six months ended 30 September 2020 (the “**Reporting Period**”) were Mr. Wong Man Sing, Mr. Wong Chong Shing and Mr. Wong Chi Ho (the “**Controlling Shareholders**”). The addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information section in the Company’s annual report for the year ended 31 March 2020.

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

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

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKSA 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), the requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622 and the applicable disclosure required by the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “**GEM Listing Rules**”).

The accounting policies used in the condensed consolidated financial statements for the six months ended 30 September 2020 are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2020 except for the changes mentioned below.

In the current interim period, the Group has adopted the below amendments which are relevant to the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 16	COVID-19 Related Rent Concessions

The Group has assessed the impact of the adoption of the above amendments and considered that there was no significant impact on the Group’s results and financial position or any substantial changes in the Group’s accounting policies. The Group has not applied any new standards or interpretation that is not yet effective for the current accounting period.

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

The interim results are unaudited and have not been reviewed by the Group’s auditors but have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

3. REVENUE

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

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Street cleaning solutions	105,086	91,706	211,641	160,603
Building cleaning solutions	21,571	23,779	44,397	46,007
Bus and ferry cleaning solutions	9,864	12,076	19,807	24,009
Others	8,996	5,348	16,007	10,368
	145,517	132,909	291,852	240,987

Segment information

The Group currently operates in one operating and reportable segment which is the provision of cleaning services and all the businesses are carried out in Hong Kong. A single management team reports to the Directors (being the chief operating decision-makers) who allocates resources and assesses performance based on the unaudited condensed consolidated results of the single business engaged in the provision of cleaning services for the six months ended 30 September 2020 and 2019 comprehensively. Accordingly, the Group does not present separately segment information.

4. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Government subsidies from Anti-epidemic Fund	678	–	2,331	–
Government subsidies from Employment Support Scheme	4,348	–	4,830	–
Disposal of fixed asset	–	–	5	6
Bank interest income	63	43	64	153
Sundry income	6	142	103	202
	5,095	185	7,333	361



5. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on:				
Bank borrowings	297	12	612	267
Lease liabilities	295	633	595	814
	592	645	1,207	1,081

6. INCOME TAX EXPENSES

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax:				
Hong Kong Profits Tax	1,556	354	2,946	593
Deferred tax	150	22	(209)	37
	1,706	376	2,737	630

Notes:

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (b) Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. For the period ended 30 September 2020 and 2019, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5% (six months ended 30 September 2019: 16.5%).

7. PROFIT FOR THE PERIOD

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

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Staff costs (including directors' remuneration)				
Wage, salaries and other benefits	110,406	100,202	219,729	182,931
Retirement benefit scheme contributions	2,810	2,845	5,609	4,857
Provision for long service payments	1,388	1,392	2,808	2,784
Total staff costs	114,604	104,439	228,146	190,572
Auditors' remuneration	156	480	294	660
Depreciation of plant and equipment:				
– owned by the Group	76	477	599	838
– held under finance leases obligations	–	1,203	–	2,090
Depreciation of right-of-use assets	2,457	138	3,980	138
Minimum lease payments under operating leases in respect of offices	69	40	137	40



8. EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	9,750	2,860	18,141	4,778

	Number of shares			
	2020 '000	2019 '000	2020 '000	2019 '000
Shares Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	600,000	600,000	600,000	600,000

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the six months ended 30 September 2020 and 2019.

9. DIVIDENDS

No dividend was proposed by the Group during the six months ended 30 September 2020 and 2019, nor has any dividend been proposed since the end of the Reporting Period.

10. PLANT AND EQUIPMENT

During the six months ended 30 September 2020, the Group acquired certain plant and equipment of approximately HK\$123,000 (six months ended 30 September 2019 HK\$18,727,000).

During the six months ended 30 September 2020, the Group disposed of certain motor vehicles with no carrying amount (six months ended 30 September 2019: HK\$230,000) for cash proceeds of approximately HK\$5,000 (six months ended 30 September 2019: HK\$235,000), resulting in a net gain on disposal of approximately HK\$5,000 (six months ended 30 September 2019: HK\$5,000).

11. TRADE RECEIVABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade receivables	79,156	53,055

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.

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
0 to 60 days	74,973	50,962
61 to 90 days	2,069	1,291
Over 91 days	2,114	802
	79,156	53,055

No impairment of trade receivables had been recognised during the six months ended 30 September 2020 and the impairment of the amount HK\$132,000 has been made for the year ended 31 March 2020.



12. TRADE PAYABLES

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
Trade payables	7,191	7,979

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

	30 September 2020 HK\$'000 (Unaudited)	31 March 2020 HK\$'000 (Audited)
0 to 60 days	5,291	3,332
61 to 90 days	10	10
Over 91 days	1,890	4,637
	7,191	7,979

13. SHARE CAPITAL

	30 September 2020 (Unaudited)		31 March 2020 (Audited)	
	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:				
Ordinary shares of HK\$0.01 each	600,000	6,000	600,000	6,000

14. RELATED PARTY TRANSACTION

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

(a) Transaction

Related party	Nature of transaction	Notes	Three months ended 30 September		Six months ended 30 September	
			2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Mr. Wong Chong Shing	Lease payment	(i)	105	82	202	142
	Rental expenses	(i)	–	10	–	40
Mr. Lo Wing Keung	Consultancy fee	(ii)	90	–	180	–

Notes:

- (i) Lease payment and rental expenses were conducted at terms determined on a basis mutually agreed between the Group and the related party. Mr. Wong Chong Shing is a director and one of the Controlling Shareholders of the Company.
- (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 remuneration of directors of the Company and other key management personnel during the Reporting Period was as follows:

	Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Short term benefits	2,578	1,920
	2,578	1,920



Management Discussion and Analysis

BUSINESS REVIEW

During the Reporting Period, the Group's contracted sales managed to achieve significant growth as compared to the prior period. Such growth was mainly attributable to the award of two major contracts for the provision of street cleaning services in Kowloon City District in October 2019 and the award of the contract for the provision of street cleaning services in Wong Tai Sin District (North) in March 2020. Through strengthening our collaboration with our customers from both public and private sectors, the management continuously strives to search for more new business opportunities.

To build on our competitive strengths, the Group constantly deploys strategies which focus on enhancing operational efficiencies, improving the customer experience through product and service enhancement and better asset utilization. Additionally, we continue to implement various business strategies to reinforce our position as one of the market leaders, such as to continuously expand the scale of operation, maintain strong business relationships with our clients and identify potential business opportunities to further line up our growth in the cleaning industry.

The Group has engaged in the provision of environmental cleaning solutions covering all 18 districts in Hong Kong for over 30 years and has steadily grown its business since inception. Our comprehensive portfolio of environmental cleaning solutions are mainly divided into four areas, namely (i) street cleaning solutions which comprise street and public area cleaning, refuse collection point cleaning and pest control; (ii) building cleaning solutions which comprise general building cleaning, refuse collection and waste disposal, toilet cleaning and janitorial services; (iii) bus and ferry cleaning solutions which comprise general depot and pier cleaning, vehicle and vessel cleaning, refuse collection and waste disposal, and toilet cleaning; and (iv) other cleaning services which include various one-off cleaning services such as external wall and window cleaning, confined space cleaning, as well as pest control and fumigation.

During the Reporting Period, our wholly-owned subsidiary Curtaman Property Management Limited ("**Curtaman**") which was acquired in October 2019, has contributed approximately HK\$4,129,000 of revenue and approximately HK\$1,144,000 of profit before tax to the Group for the six months ended 30 September 2020. In light of the success in Curtaman's acquisition, the Group will continue to explore and seize new business opportunities in order to diversify its revenue streams, strengthen its financial position and facilitate sustainable development in the long run.

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

Under the attack of COVID-19 in Hong Kong, the operations of our Group were inevitably affected. Nevertheless, up to the date of this report, COVID-19 pandemic has not caused any material financial impact to the Group. The Group remained in a healthy and sound liquidity position as at 30 September 2020. The Group will keep a close eye on the development of COVID-19 pandemic and will actively manage its impact on the financial position and operating results of the Group.

BUSINESS UPDATE

As disclosed in the Company's announcement dated 28 August 2020, on 27 August 2020, the Group received a letter from Food and Environmental Hygiene Department of the government of Hong Kong ("**FEHD**") informing the Group that Man Shing Cleaning Service Company Limited ("**Man Shing Cleaning**"), a wholly-owned subsidiary of the Company, is suspended from bidding cleaning service contracts of FEHD for a period of five years from 19 June 2020 (the "**Suspension**").

The Suspension is due to a breach of the Occupational Safety and Health Ordinance by Man Shing Cleaning on 19 June 2020 (the "**Breach**") for which it has been ordered to pay a penalty of HK\$6,000, as an employee of Man Shing Cleaning was injured in an accident happened during her course of employment. Since Man Shing Cleaning is a major subsidiary of the Company and the majority of its revenue is generated from cleaning service contracts granted by FEHD, the Board expects that the Suspension will cause an adverse effect on the revenue and profit of the Group. The Group has obtained legal advice in this regard, and is in the course of applying for a review of the Suspension decision. The Group may also consider commencing legal proceedings to appeal against and/or quash the Breach.

In the meantime, the Group will implement appropriate measures to prevent similar incidents in future and will arrange for another subsidiary, which is qualified to bid for the cleaning service contracts of FEHD to substitute the role of Man Shing Cleaning in bidding FEHD's cleaning service contracts in future in order to mitigate the aforesaid adverse effect on the Group.

OUTLOOK

Although our major subsidiary is suspended for bidding new tenders from FEHD, we will strive to secure new FEHD tenders by another subsidiary of the Group. Furthermore, we will explore and secure new business opportunities from various government departments and the private sector to broaden our customer base, thereby generating further revenue to strengthen our financial position in the long run. Going forward, we shall keep on exploring diversified investment opportunities that can maximize the return for our shareholders.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group recorded a revenue of approximately HK\$291,852,000 (2019: approximately HK\$240,987,000), representing an increase of approximately HK\$50,865,000, or 21.1%, as compared to the corresponding period of 2019. Such increase was mainly attributable to several newly awarded street cleaning contracts from FEHD, notwithstanding the completion of three government contracts in Tuen Mun District and Fanling North District and the mechanical street cleaning services contracts spanning across all territories with an aggregate revenue of HK\$60,838,000 which was awarded during the corresponding period in 2019. These newly awarded contracts include: (i) the provision of street cleaning service in Kowloon City District in October 2019; and (ii) the provision of street cleaning service in Wong Tai Sin District starting from March 2020, which contributed approximately HK\$87,007,000 of the Group's revenue for the Reporting Period.



Gross Profit and Gross Profit Margin

Our Group's gross profit increased by approximately HK\$12,829,000 or 51.2% from approximately HK\$25,062,000 for the six months ended 30 September 2019 to approximately HK\$37,891,000 for the Reporting Period. The Group's gross profit margin for the Reporting Period was approximately 13.0%, representing an increase of approximately 2.6% as compared to approximately 10.4% for the six months ended 30 September 2019. The improvement in gross profit margin was mainly attributable to (i) the increase in revenue contribution from certain private and government projects with higher profit margin; and (ii) the team effort in boosting our work efficiency and reducing wastage of material and excessive labour force.

Other Income

Other income of the Group increased from approximately HK\$361,000 for the six months ended 30 September 2019 to approximately HK\$7,333,000 for the Reporting Period. The increase was mainly due to (i) subsidies provided by the Hong Kong Government under the Anti-epidemic Fund of approximately HK\$2,331,000; and (ii) subsidies provided by the Hong Kong Government under the Employment Support Scheme of approximately HK\$4,830,000 to the Group during the Reporting Period.

Administrative Expenses

Administrative expenses mainly consist of staff costs and Directors' remuneration, insurance expenses, depreciation, maintenance, office supplies and transportation expenses, legal and professional fees, and other administrative expenses. Following the increase in contracted sales due to several newly awarded contracts, there was a corresponding increase in administrative expenses of our Group. Administrative expenses increased by approximately HK\$4,205,000 from approximately HK\$18,934,000 for the six months ended 30 September 2019 to approximately HK\$23,139,000 for the Reporting Period. The increase in administrative expenses was mainly attributable to (i) the increase of staff costs, which included wages and salaries, retirement benefits scheme contribution and the provision for long services payments; (ii) the depreciation expenses on specialized vehicles and related motor vehicles expenses; and (iii) the increase of insurance premium on newly awarded contracts.

Finance Costs

Finance costs for our Group increased by approximately HK\$126,000 or 11.7% from approximately HK\$1,081,000 for the six months ended 30 September 2019 to approximately HK\$1,207,000 for the Reporting Period. Such increase was mainly attributable to the increase in the amount of interest expenses paid for the additional borrowings resulting from the increase in business.

Net Profit

During the Reporting Period, the Group recorded a net profit attributable to owners of the Company of approximately HK\$18,141,000 (as compared to net profit for the six months ended 30 September 2019: approximately HK\$4,778,000), representing an increase of approximately 280%.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group maintains a stable financial position. For the six months ended 30 September 2020, all the Group's business operations took place in Hong Kong, which was mainly financed by the revenue generated from the Group's operating activities and bank borrowings.

As at 30 September 2020, the Group has available cash and bank balance amounting to approximately HK\$57,348,000 (31 March 2020: HK\$40,154,000), representing an increase of approximately 42.8% from 31 March 2020. Cash and bank balances are denominated in Hong Kong dollars.

As at 30 September 2020, the Group's total current assets and current liabilities were approximately HK\$183,425,000 (31 March 2020: HK\$139,041,000) and HK\$107,211,000 (31 March 2020: HK\$71,516,000) respectively, while the current ratio of our Group as at 30 September 2020 was 1.71 times as compared to that of 1.94 times as at 31 March 2020. The liquidity position of the Group was thus maintained at a healthy level.

As at 30 September 2020, the Group's bank borrowings amounted to approximately HK\$37,322,000 (31 March 2020: HK\$20,181,000), representing an increase of approximately 84.9%; the Group's lease liabilities were approximately HK\$18,559,000 (31 March 2020: HK\$20,358,000), which was made for the same purpose as that of the previous year to finance the acquisition of motor vehicles for operational usage. The average lease terms were five years during the Reporting Period. The secured bank borrowings carried interest at floating rates referenced to HK\$ Prime Rate plus or minus a spread and ranging from 1.95% to 5.86% per annum. The effective interest rate for the lease liabilities for the Reporting Period were under fixed rates and ranged from 1.80% to 3.75% per annum. All borrowings were denominated in Hong Kong dollars and were repayable within 5 years. During the Reporting Period, no financial instruments were used for hedging purposes.

The gearing ratio of the Group was approximately 41.0% as at 30 September 2020 (31 March 2020: 27.7%), which was calculated based on all interest-bearing bank borrowings for our general business operations divided by total equity of the Group.

With available cash and bank balance and banking facilities, we have sufficient liquidity to satisfy our operation and funding needs.

As at 30 September 2020, the Company's issued and fully paid capital and total equity attributable to equity holders of the Company amounted to approximately HK\$6,000,000 and HK\$91,033,000 respectively.



CONTINGENT LIABILITIES

We maintained to utilize bank credit facilities including, but not limited to bank guarantees which were solely used to support the provision of any financial obligation accruing to certain service contracts. According to the terms of such contracts, we are obliged to provide due performance and decent work to complete the contracts to the satisfaction of the customer. In the event where we are held liable to settle any potential liabilities arising from any allegation of breach of any contractual duties, these bank guarantees will serve as an iron clad protection for our customers, especially when there is a claim for compensation in relation to the occurrence of any accidents.

As at 30 September 2020, the amount of pledged deposit to banks for the aforesaid facilities was approximately HK\$30,119,000 (31 March 2020 approximately HK\$31,027,000).

During the six months ended 30 September 2020, the Group was involved in litigation claims in relation to personal injuries brought by its employees or third party claimants.

In the opinion of the Directors, no material potential liabilities arising from legal proceedings should be accounted for in the unaudited condensed consolidated interim financial statements as most of the outstanding claims on hand are followed up by insurance companies and are expected to be adequately covered by the relevant insurance policies.

CAPITAL COMMITMENTS

As at 30 September 2020, there was no capital commitment for the Group (31 March 2020: HK\$ Nil).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

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\$55,881,000 (31 March 2020: HK\$40,539,000) as at 30 September 2020. As at 30 September 2020, our Group had general banking facilities amounted to HK\$196,600,000 (31 March 2020: HK\$212,800,000).

As at 30 September 2020, our Group had secured bank borrowings with an outstanding balance of approximately HK\$35,030,000 (31 March 2020: HK\$16,861,000) and utilized performance bond of approximately HK\$51,790,000 (31 March 2020: HK\$53,054,000). As at 30 September 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 30 September 2020, the lease liabilities amounted to approximately HK\$18,559,000 (31 March 2020: HK\$20,358,000 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 30 September 2020, our Group had approximately 2,716 employees (31 March 2020: 3,873 employees). The total staff costs of the Group, including Directors' emoluments and discretionary bonus, were approximately of HK\$228,146,000 for the six months ended 30 September 2020 (six months ended 30 September 2019 approximately of HK\$190,572,000).

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

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

Furthermore, we offer other staff 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 promotion.

INTERIM DIVIDEND

The Board did not recommend a payment of an interim dividend for the six months ended 30 September 2020 (for the six months ended 30 September 2019: Nil).



DISCLOSURE OF INTERESTS

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

As at 30 September 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:

- 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.
- 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 30 September 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 shares 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 30 September 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 (<i>Note 1</i>)	Beneficial owner	175,500,000	29.25%
Lik Hang Investment Company Limited (<i>Note 2</i>)	Beneficial owner	175,500,000	29.25%
Ms. Wong Lai Man (<i>Note 3</i>)	Interest of spouse	369,000,000	61.50%
Chun Shing Investment Limited (<i>Note 4</i>)	Beneficial owner	18,000,000	3.00%
Ms. Wan Wing Ting (<i>Note 5</i>)	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. 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 30 September 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.

COMPETING AND CONFLICT OF INTEREST

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by our Group which competes or is likely to compete, directly or indirectly, with our Group's business, and they are not aware of any other conflicts of interest which any such person has or may have with the Group during the Reporting Period and up to the date of this report.

CHANGE IN INFORMATION OF DIRECTORS

The Company is not aware of any change in Directors' information which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules subsequent to the date of the 2020 annual report.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and complied with the principles and all the applicable code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules.

The Company is dedicated to maintaining high standards of corporate governance practice and corporate governance principles in order to uphold the transparency of the Group and safeguard the interest of its shareholders.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

SHARE OPTION SCHEME

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

As at 30 September 2020, no share options had been granted under the Share Option Scheme.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best of the knowledge of the Directors, the Directors confirm that there is sufficient public float of at least 25% of the Company’s issued shares as required under the GEM Listing Rules as at the date of this report.

AUDIT COMMITTEE

An Audit Committee has been established with its terms of reference in compliance with Rule 5.28 to 5.33 of the GEM Listing Rules, and paragraphs C.3.3 and C.3.7 of the CG Code. As at the date of this report, 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 assists the Board in fulfilling its responsibilities by (i) supervising and providing an independent review of the financial reporting process of the Group; and (ii) monitoring and evaluating the effectiveness of the internal controls of our Group as well as the adequacy of the external and internal audits.

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020 have not been audited by the auditors of the Company but have been reviewed by the Audit Committee. The Audit Committee considered that the relevant financial statements had been prepared in compliance with the applicable accounting principles and requirements of the GEM Listing Rules.

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

Hong Kong, 10 November 2020

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

