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)

2021
ANNUAL REPORT

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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

Five-Year Financial Summary

	Year ended 31 March				
	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021** **HK$'000**
Revenue	463,795	423,494	342,144	542,305	**580,550**
Profit (loss) attributable to owners of the Company	2,782	(10,024)	2,226	14,062	**28,615**
Earnings (loss) per share (HK cents) – basic and diluted	0.66	(1.68)	0.37	2.34	**4.77**

	Year ended 31 March				
Assets and liabilities	2017 HK$'000	2018 HK$'000	2019 HK$'000	2020 HK$'000	**2021** **HK$'000**
Non-current assets					
Plant and equipment	18,011	12,645	10,955	4,220	**2,799**
Right-of-use assets	–	–	–	20,011	**20,767**
Goodwill	–	–	–	4,095	**4,095**
Current assets					
Trade receivables	55,456	49,548	45,334	53,055	**53,188**
Prepayments, deposits and other receivables	12,792	4,803	6,889	13,704	**12,543**
Tax recoverable	–	3,536	1,591	–	**–**
Pledged bank deposits	25,420	30,643	20,159	31,027	**33,125**
Restricted bank deposits	–	–	–	1,101	**1,382**
Bank balances and cash	17,059	28,640	33,448	40,154	**70,545**
Current Liabilities	86,686	63,456	46,832	71,516	**80,223**
Net current assets	24,041	53,714	60,589	67,525	**90,560**
Total assets less current liabilities	42,052	66,359	71,544	95,851	**118,221**
Share Capital	380	6,000	6,000	6,000	**6,000**
Reserve	27,697	50,916	52,830	66,892	**95,507**
	28,077	56,916	58,830	72,892	**101,507**
Non-current liabilities	13,975	9,443	12,714	22,959	**16,714**
	42,052	66,359	71,544	95,851	**118,221**

Chairman's Statement

Dear Stakeholders,

On behalf of the board of Directors (the "**Board**") of the Company, I am pleased to present the audited consolidated annual results of the Group for the year ended 31 March 2021 (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 cleaning services industry. As a dedicated team working towards a common goal, we believe Man Shing's 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 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.

This Reporting Period has been a year full of challenges to Hong Kong and the Group. The global outbreak of the novel Coronavirus (the "**COVID-19**") since early 2020 has changed the business environment and lifestyles drastically. On top of COVID-19, another significant challenge faced by the Group during the Reporting Period was the suspension (the "**Suspension**") from bidding cleaning service contracts imposed upon one of our Group's subsidiaries by the Food and Environmental Hygiene Department of the Government of Hong Kong (the "**FEHD**") for an initial period of 5 years commencing from 19 June 2020.

Various measures were adopted by the Group to minimise the adverse effects brought by the Suspension. The Group had applied to the Central Tender Board for a review for the length of the Suspension period and such period was successfully shortened from 5 years to 1.5 years (the Suspension would be lifted in mid-December 2021). The Group had already arranged for another subsidiary to bid for cleaning service contracts from FEHD and was successfully awarded several FEHD contracts during the Year. Furthermore, the Group had been actively exploring new opportunities and developing other business areas. As a result, the Group was able to achieve a steady increase in revenue and net profit during the Year. Man Shing will continue to strive for business and revenue growth in the coming years.

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.

Last but not least, I would like to express my heartfelt gratitude to the Board and all our dedicated employees 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 in 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

24 June 2021

Management Discussion and Analysis

BUSINESS REVIEW

With more than 30 years of experience in the 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 reached a historical high with a record of approximately HK$580.5 million, representing an increase of approximately 7.1% as compared to that of last year. Through strengthening our collaboration with our customers from both public and private sectors, the management continuously strives to search for new business opportunities. Building on our competitive strengths, we continued to deploy strategies in enhancing operational efficiencies, improve asset utilization and utilise new technologies to deliver premium service to our customers. These strategic efforts allow us to bolster our holistic approach with a focus on creating economic benefit across our operations and to optimize our work performance.

At the same time, we have actively identified investment opportunities, especially investment that may pose a synergy effect on our existing business and have been aiming for a new income source for future expansion. The acquisition of Curtaman in last year was a milestone to the Group's strategic expansion. Through the existing customer network of Curtaman, it enabled the Group to expand and develop more potential customers for both cleaning solution services and property management services.

The outbreak of 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 to 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.

SEGMENT INFORMATION

Cleaning Solutions Services

The provision of cleaning solutions services remains the main business of the Group. During the Year, the revenue generated by the Group from cleaning solutions services amounted to approximately HK$571.5 million (thus contributing about 98.4% of the Group's total revenue), representing an increase of 6.2% as compared to that of last year (approximately HK$538.3 million). Such increase is 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.

Property Management Services

Our performance in the property management services segment has been steadily improving since our acquisition of Curtaman in October 2019. During the Year, the Group generated (i) approximately HK$8.1 million of revenue from the provision of property management services (representing approximately 1.6% of the total revenue of the Group), as compared to approximately HK$4.1 million of the previous financial year; and (ii) approximately HK$1.1 million of net profit during the Year, as compared to the loss of approximately HK$352,000 incurred in the previous financial year.

OUTLOOK

Over the past year, Hong Kong's economy took a huge blow due to the outbreak of COVID-19 and the Group's operations were inevitably affected. Nevertheless, we believe the economy of Hong Kong is slowly recovering, and we remain 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 projects from government departments of Hong Kong, which generally require experienced cleaning services providers with substantial resources. 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.

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. Apart from strengthening our existing business in Hong Kong, we will also endeavour to explore business opportunities in the Mainland to further promote the development of the Group's business and yield greater returns for the shareholders of the Company (the "**Shareholders**").

FINANCIAL REVIEW

Revenue

During the Reporting Period, our Group's revenue was approximately HK$580,550,000 (2020: approximately HK$542,305,000), representing an increase of approximately HK$38,245,000 or 7.1% as compared to the year ended 31 March 2020.

Such increase was mainly attributable to several newly awarded street cleaning solutions contracts from the FEHD. These newly awarded contracts included: (i) the provision of street cleaning service in Kowloon City District since October 2019; and (ii) the provision of street cleaning service in Wong Tai Sin District starting from March 2020. These newly awarded contracts contributed approximately HK$117,492,000 of revenue which was offset by the reduction in revenue of approximately HK$46,939,000 due to the expiration of the government contract in providing street cleaning service in Mongkok District (East) during the Year.

Management Discussion and Analysis

Gross profit and gross profit margin

Our Group's gross profit increased by approximately HK$11,932,000 or 20.0% from approximately HK$59,728,000 for the year ended 31 March 2020 to approximately HK$71,660,000 for the Reporting Period. Our Group's gross profit margin for the Reporting Period was approximately 12.3%, representing an increase of approximately 1.3% as compared to approximately 11.0% for the year ended 31 March 2020. The improvement in gross profit margin was mainly attributable to (i) the increase in revenue contribution from projects with better profit margin (which consist of both contracts from the government sector and the private sector). The projects with better profit margin mainly arose from (i) customers' repeat orders received during the Year; and (ii) the team effort in enhancing our work efficiency and minimising wastage of material and unnecessary labour costs.

Other income

Other income of our Group increased by approximately HK$11,783,000 from approximately HK$1,469,000 for the year ended 31 March 2020 to approximately HK$13,252,000 for the Reporting Period. The increase was mainly due to the subsidies provided by the Hong Kong Government under the Anti-epidemic Fund and the Employment Support Scheme to the Group during the Reporting Period of approximately HK$12,098,000 in total.

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$10,039,000 from approximately HK$39,826,000 for the year ended 31 March 2020 to approximately HK$49,865,000. The increase was 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 incurred by our Group decreased by approximately HK$510,000 or 20.1% from approximately HK$2,535,000 for the year ended 31 March 2020 to approximately HK$2,025,000 for the Reporting Period. Such decrease was mainly attributable to the decrease in the amount of interest expenses paid for the bank borrowings.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded its liquidity and capital requirements 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 2021 was 2.30 times as compared to that of 1.94 times as at 31 March 2020. The improvement was mainly due to an overall improvement of our operating cash inflow.

The amount of total interest bearing debts of our Group, including bank and other borrowings, lease liabilities and obligations under finance leases, dropped to approximately HK$37,462,000 as at 31 March 2021 from 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 1.98% to 2.75% per annum.

As at 31 March 2021, the lease liabilities amounted to approximately HK$20,159,000 (2020: approximately 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.

The gearing ratio, calculated based on all interest-bearing borrowings for our general business operations divided by total equity at the end of the Year and multiplied by 100%, was approximately 17.0% as at 31 March 2021 (2020: approximately 27.7%). Such decrease was primarily attributable to a decrease in the Group's bank borrowings during the Year, as the Group closely monitored its overall exposure and fully utilised our financial resources to assist our business operations in order to achieve sustainable growth.

CAPITAL STRUCTURE

As at 31 March 2021, the share capital and total equity attributable to equity holders of the Company amounted to approximately HK$6,000,000 and HK$101,507,000 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 2021, the amounts of pledged deposit to banks as security for banking facilities was HK$33,125,000 (2020: approximately HK$31,027,000).

The Group may from time to time be involved in employee compensation and personal injury claims with its employees or third party claimants. As at the date of this annual report, there were ten employee compensation and personal injury claims in which legal proceedings were initiated against the Group by the relevant claimants. Based on the legal advice obtained, the Directors are of the opinion that the potential liabilities arising from the aforesaid legal proceedings are not material, and thus no such liabilities have been accounted for in the consolidated financial statements of the Group.

Management Discussion and Analysis

In addition, during the Reporting Period, one of the employees of the Group was also involved in a litigation claim concerning an accident which happened within the course of his employment. Details of such claim are disclosed in note 35 to the consolidated financial statements. Based on the legal advice obtained, any potential claims to be initiated against the Group arising therewith will be well covered by insurance. Thus, the Directors are of the view that no provision for contingent liabilities is required to be made in the consolidated financial statements.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures for the year ended 31 March 2021.

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$37,462,000 (2020: HK$40,539,000) as at 31 March 2021. As at 31 March 2021, our Group had general banking facilities amounted to HK$173,800,000 (2020: HK$212,800,000).

As at 31 March 2021, our Group had secured bank borrowings with an outstanding balance of approximately HK$16,040,000 (2020: approximately HK$16,861,000) and utilised performance bonds of approximately HK$45,084,000 (2020: approximately HK$53,054,000). As at 31 March 2021, 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 2021, the lease liabilities amounted to approximately HK$20,159,000 (2020: approximately 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 31 March 2021, our Group had approximately 5,187 employees (2020: 3,873 employees). The total staff costs incurred by our Group, including Directors' emoluments, were approximately HK$468,327,000 for the Reporting Period (2020: approximately HK$432,004,000).

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 recommends the payment of a final dividend for the year at HK1.5 cents (2020: Nil) per ordinary share, totalling HK$9,000,000 (2020: Nil), which will not be subject to any withholding tax in Hong Kong. The payment of such dividend is subject to the approval by the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company to be held on 5 August 2021. If approved by the Shareholders, it is expected that the final dividend will be paid out on or around 20 October 2021 to the Shareholders whose names appear on the register of members of the Company on 5 October 2021.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this annual report, subsequent to 31 March 2021 and up to the date of this annual report, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Wong Chong Shing (黃創成) ("Mr. C.S. Wong"), aged 56, 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 59, 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 31, 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 2020–2021.

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Pak Chung (李伯仲), aged 80, 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.

Biographical Details of Directors and Senior Management

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 Price Waterhouse (currently known as PricewaterhouseCoopers Hong Kong) 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. Mr. Au-Yeung formerly served as an independent non-executive director of AMVIG Holdings Limited (which was formerly listed on the Main Board of the Stock Exchange with Stock Code 2300 before being privatised in April 2021). In addition, Mr. Au-Yeung has been 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) since 11 March 2014.

Mr. Chiu Ka Wai (招家煒), aged 60, was appointed as an independent non-executive Director on 12 August 2016. Mr. Chiu is responsible for providing independent judgment on issues of strategy, policy, performance, resources and standards of conduct of our Group.

Mr. Chiu has over 25 years of experience in management. He has worked at Collier Petty Chartered Surveyors and was promoted to the position of management officer in April 1986. He then went on to work as estate manager at Pokfulam Development Company Limited ("**Pokfulam Development**"), a company listed on the Main Board of the Stock Exchange (stock code: 225), from June 1986 to September 2009. In June 1989, he was appointed as a director of Pokfulam Property Management Limited, a property management subsidiary of Pokfulam Development, and served in that capacity until September 2009. Mr. Chiu completed secondary education in Hong Kong in 1980 and a Certificate Programme on Estate Management organised by The Hong Kong Management Association in October 1985.

SENIOR MANAGEMENT

Mr. Chan Ngai Kam (陳毅鑫), aged 45, 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.

Biographical Details of Directors and Senior Management

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 42, joined our Group as administrative 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 56, 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 48, 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 12 to 15 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. As at the date of this annual report, the Company still 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 6 formal meetings, including 5 board meetings and 1 annual general meeting. 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)*	5/5	1/1
Mr. Wong Man Sing *(Chief Executive Officer)*	5/5	1/1
Mr. Wong Chi Ho	5/5	1/1
Independent non-executive Directors		
Mr. Lee Pak Chung	5/5	1/1
Mr. Au-Yeung Tin Wah	5/5	1/1
Mr. Chiu Ka Wai	5/5	1/1

Corporate Governance Report

RESPONSIBILITIES OF THE BOARD

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

RELATIONSHIP BETWEEN THE DIRECTORS

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

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

Each of the executive Directors has entered into a service contract with the Company for an initial term of three years commencing on the date of listing (i.e. 13 April 2017) (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 on 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.

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	Type of Training
Executive Directors	
Mr. Wong Chong Shing *(Chairman)*	A
Mr. Wong Man Sing *(Chief Executive Officer)*	A
Mr. Wong Chi Ho	A
Independent non-executive Directors	
Mr. Lee Pak Chung	A
Mr. Au-Yeung Tin Wah	B
Mr. Chiu Ka Wai	A

A: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities

B: attending seminars/conferences/forums

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for and has performed during the Year, amongst other things, (i) developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and (v) reviewing the Company's compliance with the CG Code and the relevant disclosure in the Company's corporate governance report.

Corporate Governance Report

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 ("**Smart Shine**"), which identified the risks of the Group for the year ended 31 March 2021. 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 and to ensure that inside information is handled and disseminated properly and in accordance with the applicable laws and regulations. The Board preserves the confidentiality of such information until proper dissemination through the electronic publication system operated by the Stock Exchange. Furthermore, senior management of the Company will work closely with the Board to monitor the changes and developments in their respective areas of operations. Based on information obtained through internal reporting, the Board assesses whether any of the information constitutes inside information. Should public disclosure be required, the Board will determine the scope of information to be disclosed and the timing of disclosure. The Board may seek independent professional advice to ensure that the Company complies with any relevant disclosure obligations if necessary.

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 manage rather than eliminate the risk of failure to achieve business objectives, and can only 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 Group's borrowings are floating-rate bank loans).

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

- 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 and Smart Shine to evaluate the effectiveness and adequacy of its risk management and internal control functions for the year ended 31 March 2021. Throughout the Year, Fuson and Smart Shine 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 has reviewed the effectiveness of the risk management and internal control systems and 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	610
Non-audit services – Advisory	330
Total fees paid/payable	940

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. During the Year, Mr. Tong had taken not less than 15 hours of relevant professional training in accordance with 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 2021, 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 70 to 74 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.

Corporate Governance Report

ANNUAL GENERAL MEETING

The forthcoming annual general meeting ("**AGM**") of the Company will be held on Thursday, 5 August 2021 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, PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS AND PROCEDURES FOR RAISING ENQUIRIES

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 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the Group'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 2021 are set out in the consolidated financial statements on pages 75 to 140 of this annual report.

DIVIDEND

The Directors recommended the payment of a final dividend of HK1.5 cents per ordinary share, totalling approximately HK$9,000,000, to be paid on or around 20 October 2021, to the shareholders of the Company whose names appear on the register of members of the Company on 5 October 2021, subject to the approval of the shareholders of the Company at the forthcoming annual general meeting ("**AGM**").

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 sections headed "Chairman's Statement" on pages 4 to 5 and "Management Discussion and Analysis" on pages 6 to 11 of this annual report which forms part of this director's 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.

Further information on the Group's environmental issues are detailed in the "Environmental, Social and Governance Report" on pages 47 to 69 of this annual report.

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 6 to 11 of this annual report.

SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 March 2021 are set out in note 37 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 25 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 33 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.	Rights are personal to grantee	An option shall not be transferable or assignable and shall be personal to the grantee of the option.
9.	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.
10.	Time of exercise of option	An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.
11.	Total number of Shares available for issue	Total number of Shares available for issue as at the date of this annual report is 60,000,000 Shares, which represents 10% of the Company's shares in issue as at the date of this annual report.

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 2021, 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 (i) 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 2021, 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 2021, 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 2021, 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.

RELATED PARTY TRANSACTIONS

Details of the Group's related party transactions are set out in note 32 to the consolidated financial statements.

The related party transactions of the Group disclosed in note 32 to the consolidated financial statements constitute continuing connected transactions under Chapter 20 of the GEM Listing Rules, but were fully exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements under Chapter 20.74 or 20.93 of 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 77 and note 36 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

Details of movements during the Year in the reserves and reserves available for distribution to the Shareholders are set out on page 139 of this report and in note 36 to the consolidated financial statements. In accordance with the Articles of Association of the Company, distribution of dividends should be made out of profits and reserves (including share premium) of the Company. As at 31 March 2021, the Company's reserves available for distribution, calculated in accordance with the applicable laws of the Cayman Islands amounted to approximately HK$41.7 million, of which approximately HK$9 million has been proposed to be paid to the Shareholders as a final dividend for the Year.

MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the aggregate amount of purchases attributable to our Group's five largest suppliers represented approximately 57.6% of our Group's total purchases. The amount of purchases from our Group's largest supplier represented approximately 13.6% of our Group's total purchases.

Meanwhile, the aggregate amount of revenue attributable to our Group's five largest customers represented approximately 85.4% of our Group's total revenue. The amount of revenue from our Group's largest customer represented approximately 74.0% 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 12 to 15 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 Man Sing and Mr. Au-Yeung Tin Wah will retire from their offices as Directors and offer themselves for re-election as the Directors in the forthcoming AGM of the Company.

No Director proposed for re-election at the forthcoming AGM has a service contract with the Company, its holding company or any of their respective subsidiaries which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any civil or criminal proceedings in which judgment is given in his favour, or in which he is acquitted. The aforesaid provision was in force for the benefit of the Directors throughout the Year and remained in force as of the date of this report. The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

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 or any entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Save as disclosed herein, during the Year, there was no contract of significance entered into between the Company, or any of its subsidiaries, and any of the controlling shareholders (as defined in the GEM Listing Rules) of the Company or any of their subsidiaries.

INTERESTS IN COMPETING BUSINESS

As at the date of this annual report, none of the Directors nor their respective associates (as defined in the GEM Listing Rules) had interests in businesses, which compete or are likely to compete either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the GEM Listing Rules.

Each of Mr. C.S. Wong, Lik Hang Investment Company Limited, Mr. M.S. Wong, Man Shing Global Limited, Mr. C.H. Wong and Chun Shing Investment Limited (collectively, the "**Covenantors**") has provided annual confirmations to the Company in respect of the compliance with the terms of the non-competition undertaking (the "**Undertaking**").

The independent non-executive Directors have also reviewed the compliance by each of the Convenantors with the Undertaking during the Year. The independent non-executive Directors have confirmed that, as far as they can ascertain, the Undertaking has been complied by each of the Convenantors during the Year and up to the date of this annual report.

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. The Company has adopted a share option scheme as an incentive to eligible participants, details of which are set out above in the section headed "Share Option Scheme". 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 22 to the consolidated financial statements.

AUDITORS

SHINEWING (HK) CPA Limited resigned as the auditor of the Company on 23 October 2019. Following their resignation, the Board appointed CCTH CPA Limited as the new auditor of the Company with effect from 23 October 2019 to fill the casual vacancy. Subsequently, CCTH CPA Limited was re-appointed as the Company's auditor in the annual general meeting of the Company held on 7 August 2020.

The consolidated financial statements for the year ended 31 March 2021 have been audited by CCTH CPA Limited, who will retire and, being eligible, offer itself for appointment at the forthcoming annual general meeting of the Company.

Save as disclosed herein, there has been no change of auditor of the Company during the past three years.

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 16 to 33 of this annual report.

CLOSURE OF THE REGISTER OF MEMBERS

To be eligible to attend and vote at the forthcoming AGM

The register of members of the Company will be closed from Monday, 2 August 2021 to Thursday, 5 August 2021, both dates inclusive, during which period no transfer of Shares of the Company 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 Friday, 30 July 2021.

To qualify for the proposed final dividend

The register of members of the Company will also be closed from Tuesday, 5 October 2021 to Thursday, 7 October 2021, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers documents accompanied by the relevant share certificates 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 not later than 4:30 p.m. on Monday, 4 October 2021.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, after the Reporting Period and up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors.

Mr. Wong Man Sing
Chief Executive Officer
24 June 2021

Environmental, Social and Governance Report

ABOUT THE REPORT

This is the Environmental, Social and Governance ("**ESG**") report of the Group, underlining its ESG performance, with an indication of the disclosure in the ESG Reporting Guide as set out in Appendix 20 to the GEM Listing Rules. This report is in accordance with the "comply and explain" provisions of the ESG Reporting Guide.

Reporting Principles

According to the ESG Reporting Guide, the following reporting principles underpin the preparation of this report:

Materiality	Materiality assessments have been carried out to identify material environmental and social issues that have major impacts on investors and other stakeholders
Quantitative	Key performance indicators ("**KPIs**") have been established and are measurable and applicable to make valid comparisons under appropriate conditions. Information on the standards, methodologies, assumptions, calculation tools used, sources of conversion factors used, have been disclosed when applicable
Balance	The report is prepared in a transparent manner in which both positive and negative performances are disclosed
Consistency	Consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time

Reporting Period

The information published in this ESG Report covers the Reporting Period. The report covers performance and actions of the Group unless otherwise mentioned.

Scope of the Report

As one of the major cleaning contractors for the Hong Kong government, we provide a broad range of environmental hygiene services, including but not limited to cleaning and hygiene services, pest control services and waste collection services. This report delivers the data of our environmental hygiene services, covers the ESG policies and measures taken by the Group and discloses the information and data related to the Group's approach in managing the key ESG aspects. We expect this report will provide our stakeholders with a better understanding of the Group's strategies and progress towards managing ESG issues.

Approved By the Board of Directors

The Board has overall accountability for the Group's ESG strategy and reporting. The Board is accountable for assessing and identifying the Group's ESG risks, and guaranteeing that adequate and efficient ESG risk management and internal control systems are in place. The report received Board approval on June 24, 2021.

Environmental, Social and Governance Report

Stakeholder Engagement and Materiality

The Group believes stakeholder engagement is a key factor in successfully developing our environmental, social and governance strategy, setting our objectives, assessing materiality, and establishing policies for improvement of our ESG performance. Our primary stakeholders include but are not limited to customers, vendors, business partners, employees, executives and shareholders. We adopted different channels for communication such as regular information reporting, announcements, business meetings, trainings and workshops with different stakeholders to understand their perspectives and address their requirements and expectations. We reviewed and prioritized their comments in order to enhance our performance, and ultimately strived to deliver value to our stakeholders, the community and the general public. The feedback and opinions will be recorded and generated as advice for the Group's direction.

In accordance with stakeholder engagement, we have identified issues that have significant environmental and social impact and issues with respect to stakeholders. We address these topics and obtain the results of materiality assessment. Appropriate and required disclosure is outlined below.

Stakeholder's Feedback

The Group invites all stakeholders to provide their feedback and comments on its performance of environmental, social and governance. Stakeholders are welcome to submit their opinions or recommendations through email at info@manshing.com.hk or mail to Unit 10, 11/F., Trans Asia Centre, 18 Kin Hong Street, Kwai Chung, New Territories, Hong Kong.

Risks and Potential Opportunities

The COVID-19 pandemic has brought unprecedented economic and social challenges globally.

The Group responded quickly to the foreseeable rise in demand for cleaning and disinfection services arising from the pandemic by protecting the health and safety of its employees to ensure the business services that we manage are not affected and continue to operate smoothly.

We have proactively grasped opportunities to leverage our strengths from our business to address the social needs arising from the pandemic.

Awards and Accreditation

Striving for operational excellence, the Group has deployed an established integrated management system, which is certified under the standards as below, to manage quality, environmental and occupational safety and health performance:

- ISO 14001:2015 Environmental Management Systems
- ISO 9001:2015 Quality Management Systems
- ISO 45001:2018 (OHSAS 18001:2007) Occupational Health and Safety Management Systems
- Wastewi$e Certificate
- 5 years + Caring Company 2020/2021

A. ENVIRONMENTAL PROTECTION

The Group addresses all potential risks to the environment with reasonable care. The Group is dedicated to strategically integrating green features into its business model and operations with a clear objective of operating its businesses in the most environmentally responsible manner.

Emissions

As a business delivering environmental cleaning solutions services, we depend heavily on our large vehicle fleet and machineries. Rigorously complying with all applicable environmental legislations and regulations, the Group has a strong commitment to controlling air and greenhouse gas emissions, discharge into water and land along with generation of hazardous and non-hazardous waste in our business activities. During the Reporting Period, the Group identified no significant cases of non-compliance with relevant environmental laws and regulations.

Our air pollutant emissions are contributed primarily by large fleets. Consequently, the Group has incorporated the principle of reducing vehicle emissions into our sustainable commercial practice.

The following measures were introduced to reduce vehicle emissions:

- adopt green vehicles;
- use low-sulphur, unleaded gasoline whenever possible;
- regularly conduct vehicle inspection and maintenance; and
- require our staff members to shut down idling engines.

The details of the Group's entire fleet are presented as follows:

Type of Vehicle	2019 to 2020 (Euro IV/V/VI)	**2020 to 2021 (Euro IV/V/VI)**
Water Wagons	18	**20**
Vacuum Tankers	2	**2**
Hook-lift Trucks	1	**1**
Grab Lorries	7	**8**
Tail-lift Trucks	9	**12**
Tail-lift Tipper Trucks	21	**22**
Light Goods Van	25	**25**
Lorries	7	**6**
Suction Sweeper	2	**2**
Highway Arrow Vehicles	6	**6**

Carbon Emissions of our Specialized Vehicles

Comparison between 2019–2020 and 2020–2021

Total number of vehicles	**Fuel consumption per year (liter)**	**2020–2021 Carbon emissions per year (tonnes)**	**Average fuel consumption per vehicle (liter)**	**Average carbon emissions per vehicle (tonnes)**
104	**728,453**	**1,897.4**	**7,004.4**	**18.24**

Total number of vehicles	Fuel consumption per year (liter)	2019–2020 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

Based on the above data, all of the Group's vehicles (104 vehicles) are Euro IV/V/VI standard vehicles. We expanded the use of environmental-friendly vehicles. 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. Moreover, qualified personnel are also assigned to undergo regular maintenance for the vehicles to assure that the entire fleet is operated normally, and is committed to raise the efficiency of fuel consumption by better route planning. The Group has also established its own fleet management system such that work schedules are planned more efficiently for better utilization of vehicles to keep the consumption of fuel minimal.

During the Year, the fuel consumption was 728,453 liters while 1,897.4 tonnes of carbon emissions were generated, representing an increase of 6,187 liters of fuel consumption and 233.7 tonnes of carbon emissions respectively, as compared to that of last year. The increase is mainly attributable to the increase of total number of vehicles from 98 vehicles of last year to 104 vehicles of the Reporting Period. Nevertheless, the average fuel consumption per vehicle dropped from 7,370.1 liters of last year to 7,004.4 liters as recorded in the Reporting Period, which indicated that the Group's efforts in raising efficiency of fuel consumption were effective.

Total carbon emissions for this year are as follows:

- Direct emissions: 1,897.4 tCO2e (2020: 1,663.7 tCO2e)
- Indirect emissions: 26.38 tCO2e (2020: 34 tCO2e)
- Total emissions: 1,933.4 tCO2e (2020: 1,697.7 tCO2e)
- Intensity: (tCO2e/revenue (HK$'000)): 0.0033 (2020:0.0031)

Use of Resources

Electricity

Energy consumption in this year was as follows:

Type of energy	2019–2020	2020–2021
Purchased electricity	39,205 (kilowatt)	**36,714 (kilowatt)**
Energy intensity (kWh/square metre)	128	**120**

The main source of the Group's energy consumption is the purchase of electricity. In view of the scarcity of energy, the Group has implemented several energy saving measures, in particular as below:

- educate employees to increase awareness of electricity saving;
- use LED bulbs whenever possible for more efficient energy usage;
- educate employees to power off the electronic devices not in use or before leaving the office;
- regularly inspect the energy used by each department to review different methodologies to reduce the use of energy;
- operate the air conditioning system and set its temperature at 25.5℃;
- switch to energy-saving mode during operation of any equipment whenever possible;
- adjust computer settings to shut down the display automatically after 15 minutes of inactivity; and
- review the operational process on an ongoing basis to improve operation efficiency and reduce energy consumption.

Water and Paper

Other important resources utilized by our Group include water and paper used in our office. The table below summarizes our water and paper consumption over the reporting period:

Types of resources consumption	2019–2020	2020–2021
Water consumption	44 (cubic meter)	**62 (cubic meter)**
Water intensity (cubic meters/square feet)	0.014	**0.019**
Paper consumption (A4 paper)	1,090 (packs of 500 sheets each)	**1,069 (packs of 500 sheets each)**
Total Emissions	34 tonnes	**27 tonnes**

The water used for cleaning is provided by the government's water supply, and we have no issue in sourcing water that is fit for the purpose.

Through our operational model and our contractual conditions with clients, our electricity and water consumption for cleaning services are directly supplied and controlled by our clients. Thus, our usage depends heavily on external factors such as the target and the specific demands of our clients. That being said, the Group actively encourages and assists our customers in using resources in an environmentally responsible manner, that consists of limiting consumption of electricity and water.

Waste water

Waste water is mainly generated by water used after cleaning or chemicals used for sanitary purposes. The risk of water pollution is minimal as the Group provides an operation manual for employees to follow all necessary procedures to avoid detrimental consequences arising from discharge of waste water. Any liquid is required to be collected and discharged into sewers, thus prevents any liquid discharge without treatment.

Environment and Natural Resources

The Group continues its efforts to enhance the efficiency of resource utilization in all aspects of its operations by regular maintenance of machinery and tools, adopting green practices in offices, strengthening employee's education as well as introducing advanced technologies.

Impacts on the Environment

The Group utilizes reusable materials to reduce the amount of hazardous and non-hazardous waste generated. We place priority on the use of easily degradable and recyclable materials in our commercial activities, in order to minimize the burden on the environment. Moreover, we offer training to employees and conduct regular reviews on proper management of waste disposal, striving to contribute for the reduction of environmental and ecological impacts.

Noise

Noise mainly comes from operation of the machinery for the Group's cleaning services. All machines have been inspected regularly to ensure they are operating at an acceptable noise level. Frontline employees are instructed to switch off the machines and report to their superiors if any machines are working out of order, such as abnormal noise, vibrations or cracks. Supervisors are responsible for regular inspection and monitoring the conditions of machines to ensure all machines are operating under normal conditions and do not cause any disturbance to the surrounding area.

Air Quality

Air pollutant is one of the major pollutants in Hong Kong as the population density is extremely high. Thus, the control of carbon emissions by using a wide range of environmental friendly vehicles (EURO IV/V/VI) is an effective way the Group adopts. Also, we provide a ventilated separate area for frontline staff to use and store any materials containing chemicals or volatile organic compounds, and we provide masks for them. We affix hazard notices on walls to remind them to prevent air dust particles in the air. We request them to inspect and clean filters of vacuum cleaners regularly.

Waste Management

During the Reporting Period, no hazardous waste was generated whereas approximately 281 tonnes of non-hazardous waste was generated by operations of the Group, representing an increase of 8 tonnes in comparison to 2019/20. There are 238 tonnes of paper, 12 tonnes of metal and 31 tonnes of plastic were collected and delivered to waste collectors/recyclers. The intensity of non-hazardous waste (tonnes/square feet) is 0.085. We recycled non-hazardous waste, including paper, metal and plastic for optimizing resources utilization.

Packaging Material

Given our business nature, no packaging material was used and therefore its disclosure was not applicable.

B. SOCIAL

The Group considers that employees are the most valuable assets to sustain the growth of the Group. The Group complies with all relevant laws and regulations and our goal is to create a harmonious working environment based on co-operation and mutual respect, in order to strengthen the sense of belonging of our employees and retain talents. In the meantime, the Group is committed to supporting a strong, dynamic and dedicated team, and emphasizes the development of employees to support career advancement. The practices allowed the Group to obtain ISO 9001:2015 certification.

Employee Training and Development

The Group has integrated employee development as a key element of its business development plan. The Group encourages and assists its employees in their personal and professional development, whereby the objectives of cooperation and the personal development of employees can be achieved. The Group offers several training programs, including in-house training programs, seminars, workshops, conferences, peer learning, sharing sessions and in-service trainings for its employees. Regular training sessions are organized for employees to strengthen their understanding on environmental protection and the pathways of achieving it.

The Group engaged professional consultants with expertise in a variety of fields to deliver those training programs (for example, programs for polishing stone floors and handling of hazardous materials). In addition to in-house training programs, The Group also encourages employees to participate in training programs conducted by external organizers to enhance individual quality, develop workplace skills and improve performance. Throughout the Reporting Period, the Group offered training in the areas of health, work-related skills and techniques, and work safety to our staff.

The table below summarizes our employees' training & development hours:

Employee classification	**Employees that have attended training (%)**		**Average training hours per staff**	
	2019–2020	**2020–2021**	2019–2020	**2020–2021**
Senior management	42.5%	**100%**	35 hours	**20 hours**
Middle management	8%	**100%**	8 hours	**15 hours**
Front-line staff	100%	**100%**	Less than 1 hour	**2 hours**

Overall Working Environment

The Group complies with the relevant laws relating to safety and hazard prevention and developed its human resources strategy to govern a variety of areas including remuneration, dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits, the Group is dedicated towards establishing a safe working environment for our employees. Guidelines and policies have been provided on different situations for occupational health and safety, and ISO 45001:2018 certification has been obtained (OHSAS 18001:2007).

The Group 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. Staff hiring criteria is based solely on their working ability, experience and performance.

The Group tolerates no form of discrimination or harassment in the workplace. Employees can complain to their respective department managers or human resources managers if they are involved in any discrimination and/or harassment in the workplace. The Group will investigate the incident and it will remain confidential. As a result of such investigation, disciplinary actions including warning, suspension and dismissal may be taken against the employee.

During the Reporting Period, The Group has not contravened any relevant legislations or regulations regarding employment, compensation, dismissal, equal opportunity, anti-discrimination and the prevention of child and forced labor.

All staff will be provided with a staff handbook immediately upon joining the Group. The staff handbook, which each employee is required to read and follow carefully, outlines the responsibility of the employee, integrity requirements, workplace safety guidelines, and anti-discrimination and anti-harassment guidelines.

Recruitment, Promotion and Dismissal

During the recruitment of employees for the Group, applicants are evaluated on the basis of professional and academic qualifications and work experience. The Group follows the relevant laws and regulations and never recruits any child labor or forced labor. Promotional opportunities are offered to Group's staff and are decided according to the commercial needs of the Group and the merits and performance of the staff. The Group is never 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 terminating employee contracts are made in conformity with the employment contracts signed with the employees concerned and the employment laws of Hong Kong.

Staff Welfare and Benefits

The Group is committed to ensuring a healthy and safe work environment for all employees and offers a variety of staff welfare and benefits. Apart from statutory holidays and days off, the Group offers annual leave, paid sick leave and other fringe benefits to the staff to meet their individual needs.

Employee Turnover Rate

This year, the average level of employee turnover was 38.11%. The main reason for employees aged 51 or above having a higher turnover rate is retirement. The Group has adopted the Hong Kong government's recommended policy of raising the retirement age and to enhance and reinforce its human resources strategy and talent retention policy. In the interest of attracting and retaining talent effectively, the Group offers valuable compensation to its employees, that is determined in accordance with the four principles of fairness, ability, competitiveness and timeliness.

Comparison of the Employee Turnover Rate between 2019–2020 and 2020–2021

	2019–2020	**2020–2021**
Average employee age	57	**60**
Turnover rate	10.58%	**38.11%**

Comparison of the Employees' Age Distribution Comparison between 2019–2020 and 2020–2021

Age Group	No. of Employee		Percentage %	
	2019–2020	**2020–2021**	2019–2020	**2020–2021**
30 or below	135	**178**	3.5%	**3.4%**
31 to 50	717	**860**	18.5%	**16.6%**
51 or above	3,021	**4,149**	78.0%	**80.0%**
Total	3,873	**5,187**	100%	**100%**

The Group strictly complies with the applicable labor laws and regulations of Hong Kong, The management undertakes to ensure that all human resources management practices in all material aspects are in compliance with the Group's policies. The policies include but not limited to the following points:

- All applicants are required to provide identifications
- All employees must be above 18 years old
- Background check for criminal record
- Appropriate working visa/permits to work in Hong Kong
- Information verification

The Group prohibits recruitment of child or forced labour. Any ways of corporal punishment, abuse and involuntary servitude to employees are also prohibited.

Staff Profile

The Group places a high value on work-life balance for its employees so as to relieve pressure on employees and improve the Group's productivity. The Group's policy states that the hours worked by a full-time worker per day is eight. Hence, policies have been introduced to mobilize part-time workers to ensure that all employees are provided with an adequate rest period.

The table below identifies the number and proportion of full-time and part-time employees:

	2019–2020	**2020–2021**
Part-Time Employees	Less than 1%	**10%**
Full-Time Employees	More than 99%	**90%**
Total number of Employees	3,873	**5,187**

The following table provides the distribution of employees by gender:

	2019–2020	**2020–2021**
Male Employees	1,581	**2,248**
Female Employees	2,292	**2,939**
Total number of Employees	3,873	**5,187**

The following table illustrates the distribution of employees by employment classification:

	2019–2020	**2020–2021**
Office Staff	26	**80**
Front-line Technical Staff	35	**308**
Front-line Non-technical Staff	3,812	**4,799**
Total number of Employees	3,873	**5,187**

C. OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety is at the heart of the Group's business. Our Company has an OHSAS 18001 certified occupational health and safety management system, the Occupational Health and Safety Assessment Series. In addition, the Group's occupational health and safety practices are formulated and implemented according to the guidelines laid down by the Labour Department of Hong Kong. Our Group endeavours to minimize the risks to the occupational health and safety of our employees.

We have introduced a series of workplace safety measures to protect our employees, including the following:

- employees must be trained in the use of relevant tools and machines before being able to work on site;
- a safety manual has been distributed for our employees to improve their knowledge and awareness about safety in the workplace (such as information about the appropriate use of protective equipment);
- supervisors are responsible for overseeing operations and responding immediately to emergencies;
- regular risk assessments are conducted by the Company's management so as to identify, assess and mitigate potential workplace hazards on a timely basis; and
- employees are always encouraged to share their views and opinions on the safety procedures with the Group's management.

A record of workplace accidents during the Reporting Period is provided below:

	2019–2020	**2020–2021**
Total no. of work-related accidents	100 cases	**107 cases**
Total no. of work-related fatalities	1 case	**0 case**
Total no. of working days involved	1,088,900 days	**1,153,166 days**
Total of working days lost due to work-related accidents	2,000 days	**2,772 days**

With respect to health and safety-related laws and regulations and the protection of its employees against occupational hazards, no significant non-compliance was identified by the Group during the Reporting Period.

Responding to COVID-19

Since the early days of 2020, COVID-19 has brought profound impacts on the business operations. Disinfecting and deep cleaning are indispensable. Public areas become potential hosts of germs and viruses. This inevitably increases the risk for our frontline staff to perform the disinfection and cleaning works. The Group provided guidelines for its employees to be followed with a view to maximize the protection of its employees. The guidelines include but are not limited to the points as below:

- Wear disposable masks at all working areas
- Practise hand hygiene
- Maintain personal hygiene
- Keep social distance
- Seek early medical consultation of health conditions
- Keep a diary for visit records
- Regular COVID-19 testing
- Adopt Work From Home arrangement for office staff
- Arrange for body temperature checks regularly

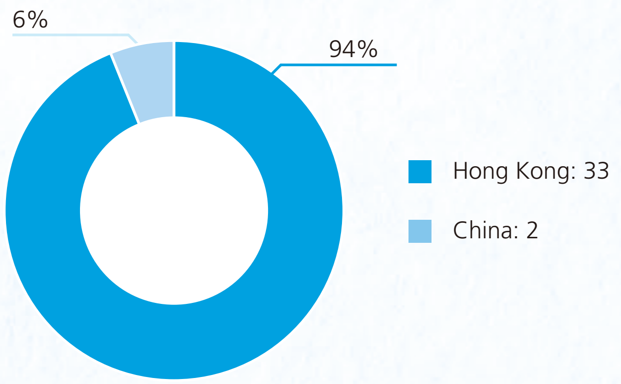
The Group also encourages our employees to have a COVID-19 vaccine injection.

D. SUPPLY CHAIN MANAGEMENT & GREEN PROCUREMENT

The Group acknowledges the importance of supply chain management as an efficient supply chain would enable the Group to reduce its costs and enhance the quality and delivery of its services. As a result, the Group closely monitors its supply chain and has implemented a sustainable procurement practice. During the selection process for new suppliers, authorized management staff are required to analyze the quality and sustainability of suppliers' products, ensuring that the quality of service, price competitiveness, and sustainability efforts are in accordance with the requirements of ISO14001:2015 and ISO45001:2018 standards. Production methodology, waste management methods, and the choice of raw materials are examples of our ecological procurement efforts.

The Group sustains an open and equitable relationship with our suppliers and maintains friendly relationships with these business partners. Showing appreciation for the collaborations has always been the Group's top priority. By establishing a regular assessment mechanism, we will conduct periodic reviews and assessments of the performance of existing vendors. Each supplier is graded during the evaluation to reflect their recent performance. If the supplier's grade fails to meet the standard, a warning will be issued and such suppliers may be not be engaged after expiry of the current contract.

Supplier Distribution



E. CUSTOMER SATISFACTION: SERVICES RESPONSIBILITY AND SERVICE QUALITY ASSURANCE POLICY

Services Responsibility

The Group is dedicated to delivering high-quality services. We are ISO 9001:2015 certified for our cleaning services regarding pest control and waste management services. To sustain quality, the Group has invested in a variety of areas, including human resources, information management, infrastructure and equipment. Management support and active involvement in daily business activities also contribute to maintaining and improving the quality of service.

Quality Assurance

Clients are always welcome to provide feedback on our services. An operations unit has been designated to address client's complaints. Each complaint will be subject to a thorough investigation by management staff and would be reported to our senior management for examination. Corrective actions will be implemented to the extent practicable to reduce the risk of receiving similar complaints in the future.

Complaints or Compliments

Clients are the Group's first priority to deal with care. If any stakeholders find our services unsatisfactory, they are welcome to submit their complaints through email or mail to communicate with our management's office directly. All comments or compliments will be raised during regular meetings of the Group. The Group will receive the comments or compliments and verify them. An inspection will be carried out by the relevant supervisor. The supervisor will arrange warnings, trainings or compliment letters for the relevant employees for their performance. Suggestions will be provided by the supervisor and approved by the management. In the case of a complaint, the management will follow up with the case by providing a written feedback to clients and check for the progress of improvement to prevent similar scenarios from happening in the future.

F. DATA PRIVACY POLICY

The Group emphasizes the privacy of personal data and is dedicated to protecting customer information with the utmost care. The Group has implemented suitable data protection measures so as 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. Particularly, the Group would only collect personal client data relevant and necessary to our business activities. Personal information would only be used for the purposes for which it was collected or for directly related purposes. Our staff would continue to seek customer consent when the data is intended to be used for new purposes. In accordance with our Standards and Code of Ethics on Personal Data Protection, it is strictly forbidden to disclose or transfer personal data to third parties without the consent of the client, except as required by law. The Group took the necessary measures to assure security controls and measures are in place to protect against unauthorized access to personal data. Personal data can only be accessed by designated personnel.

During the Reporting Period, The Group was not aware of any non-compliance of relevant legislations and regulations.

G. ANTI-CORRUPTION AND ANTI-FRAUD

The Group will not tolerate any kind of fraudulent activities including corruption, bribery, extortion, and money laundering, in relation to our business activities. Employees are required to comply with all applicable legislations and regulations (including but not limited to Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong)) in the performance of their duties. Our Code of Conduct and Employee Handbook, that is supplied to each employee from their first day of work, also stipulates the proper work ethics and the best practices for our employees' reference.

Employees are responsible for reporting any potential conflicts. A whistleblower system is in place for employees and external parties to report irregularities and potential or actual conflicts privately and confidentially. All reported cases will be reviewed and the results will be reported directly to the company secretary of the Company or to the audit committee of the Board ("**the Audit Committee**"). Internal controls are also in place to address risks associated with fraudulent activities and the effectiveness of these internal controls is routinely evaluated. Throughout the Reporting Period, no significant cases of non-compliance with laws and regulations were identified by the Group regarding bribery, extortion, fraud and money laundering.

H. COMMUNITY INVOLVEMENT

As a corporate entity with a strong sense of social responsibility, the Group realizes that shareholder benefits should not be our sole consideration. With a view to pursue continuous improvement, the Group recognizes the value of stakeholder participation. We will work with a range of stakeholders in order to enhance our business practices and maintain our relationship with them by responding to their concerns. The Group recognized groups of key stakeholders in our commercial operations, including shareholders, employees, customers, creditors, business partners, service providers, suppliers, and the community. The Group undertakes to implement open and transparent communication channels so as to understand their expectations and needs.

The table as below illustrates the methods we use to communicate with stakeholders:

Stakeholder group	Engagement methods
Employee	• Develop mechanisms for handling employee complaints to understand employee opinions
Business partners and service providers	• Organize regular meetings to understand their commercial strategies and performance
Shareholders	• Communicate effectively with our investors through annual and special general meetings
Community	• Encourage staff to take part in charity events
Customer	• A complaint handling mechanism is in place to ensure that customer complaints are properly managed, thereby improving customer satisfaction

In fact, the Group is committed to serve and give back to the society. We encourage our employees and other stakeholders to support the community by taking part in charity activities. Our staff have been involved in a variety of community events, including but not limited to public fundraising, donations, sponsorships and volunteering services.

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. 49 to P. 53
KPI A1.1	The types of emissions and respective emissions data.	Environmental Protection	P. 49 to P. 51
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. 49 to P. 51
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. 53
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection	P. 49 to P. 51
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Protection	P. 53

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. 51 to P. 53
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.51
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Protection	P.52
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection	P.51
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. 52
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Protection	P.53
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. 49 to P. 53
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. 49 to P. 53

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.	Social 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. 54 to P. 58
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Social	P. 56 to P. 57
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social	P. 56
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. 58 to P. 59
KPI B2.1	Number and rate of work-related fatalities.	Occupational Health and Safety	P. 59
KPI B2.2	Lost days due to work injury.	During the Reporting Period, Our Group's overall lost days due to work injury is 2,772 days.	P. 59
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety	P. 58

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.	Social	P. 54
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social	P. 54
KPI B3.2	The average training hours completed per employee by gender and employee category.	Social	P. 54
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.	P. 57
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.	P. 57
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	No such incidents were reported during the Reporting Period.	P. 57

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section/Remarks	Page Number
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. 60
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management & Green Procurement	P. 60
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. 60
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. 60 to P. 61
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

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section/Remarks	Page Number
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. 61
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. 61 to P. 62
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. 61 to P. 62

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section/Remarks	Page Number
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. 62
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 75 to 140, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021, 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.

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 2021, the Group had trade receivables with the carrying amount of approximately HK$53,188,000, of which accumulated impairment losses amounting to approximately HK$261,000 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 historical accuracy of the estimates made by the management for the allowance for doubtful debts. • We evaluated the independence, competence, capabilities and objectivity of the external party who was engaged to assess the expected credit risk methodology of the Group's trade receivables. • We made enquiry of the external party and management of the Group to the significant unobservable inputs and the accuracy of the expected credit loss assessment. • We assessed the appropriateness of the expected credit loss 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 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, 24 June 2021
Kwong Tin Lap
Practising Certificate Number: P01953

Unit 1510–17, 15/F, Tower 2, Kowloon Commerce Centre
No. 51 Kwai Cheong Road, Kwai Chung
New Territories, Hong Kong

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Revenue	5	**580,550**	542,305
Cost of services		**(508,890)**	(482,577)
Gross profit		**71,660**	59,728
Other income and gains	6	**13,252**	1,469
Administrative expenses		**(49,865)**	(39,826)
Finance costs	7	**(2,025)**	(2,535)
Profit before tax		**33,022**	18,836
Income tax expense	8	**(4,407)**	(4,774)
Profit and other comprehensive income for the year attributable to owners of the Company	9	**28,615**	14,062

		2021 HK cents	2020 HK cents
Earnings per share			
Basic and diluted	12	**4.77**	2.34

Consolidated Statement of Financial Position

At 31 March 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Plant and equipment	13	**2,799**	4,220
Right-of-use assets	14	**20,767**	20,011
Goodwill	15	**4,095**	4,095
		27,661	28,326
Current assets			
Trade receivables	16	**53,188**	53,055
Prepayments, deposits and other receivables	17	**12,543**	13,704
Pledged bank deposits	18	**33,125**	31,027
Restricted bank balances	18	**1,382**	1,101
Bank balances and cash	18	**70,545**	40,154
		170,783	139,041
Current liabilities			
Trade payables	19	**7,031**	7,979
Accruals and other payables	20	**40,972**	36,211
Income tax payable		**946**	1,514
Lease liabilities	21	**8,045**	6,894
Long service payment obligations	23	**5,926**	–
Bank and other borrowings	22	**17,303**	18,918
		80,223	71,516
Net current assets		**90,560**	67,525
		118,221	95,851
Capital and reserves			
Share capital	25	**6,000**	6,000
Reserves		**95,507**	66,892
Total equity		**101,507**	72,892
Non-current liabilities			
Lease liabilities	21	**12,114**	13,464
Long service payment obligations	23	**2,836**	6,573
Deferred tax liabilities	24	**1,764**	1,659
Bank and other borrowings	22	**–**	1,263
		16,714	22,959
		118,221	95,851

The consolidated financial statements on pages 75 to 140 were approved and authorised for issue by the board of directors on 24 June 2021 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 2021

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 *(note i)*	Retained earnings HK$'000	Total HK$'000
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 and 1 April 2020	6,000	42,463	110	24,319	72,892
Profit and total comprehensive income for the year	–	–	–	28,615	28,615
At 31 March 2021	**6,000**	**42,463**	**110**	**52,934**	**101,507**

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 2021

	Note	2021 HK$'000	2020 HK$'000
Cash flows from operating activities			
Profit before tax		**33,022**	18,836
Adjustments for:			
Finance costs		**2,025**	2,535
Bank interest income		**(75)**	(218)
Gain on disposal of plant and equipment		**(944)**	(98)
Provision for long service payment obligations		**4,918**	2,441
Impairment loss in respect of trade receivables recognised/(reversed)		**129**	(341)
Depreciation for plant and equipment		**1,776**	1,856
Depreciation for right-of-use assets		**6,805**	5,430
Operating cash flows before movements in working capital		**47,656**	30,441
Increase in trade receivables		**(262)**	(6,996)
Decrease/(increase) in prepayments, deposits and other receivables		**1,161**	(5,866)
Increase in restricted bank balances		**(281)**	(10)
Decrease in trade payables		**(948)**	(1,492)
Increase in accruals and other payables		**4,761**	11,410
Long service payment obligations paid		**(2,729)**	(407)
Cash generated from operations		**49,358**	27,080
Income tax paid		**(5,077)**	(816)
Income tax refunded		**208**	181
Interest paid		**(2,025)**	(2,535)
Net cash generated from operating activities		**42,464**	23,910
Cash flows from investing activities			
Bank interest income		**75**	218
Purchase of plant and equipment		**(491)**	(1,904)
Proceeds from disposal of plant and equipment		**1,204**	346
Acquisition of subsidiary	26	**–**	(3,991)
Placement of pledged bank deposits		**(61,353)**	(140,606)
Withdrawal of pledged bank deposits		**59,255**	129,738
Net cash used in investing activities		**(1,310)**	(16,199)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 March 2021

	Note	2021 HK$'000	2020 HK$'000
Cash flows from financing activities			
New bank borrowings raised		**219,998**	231,911
Repayment of bank and other borrowings		**(222,876)**	(227,025)
Payment of lease liabilities		**(7,885)**	(5,891)
Net cash used in financing activities		**(10,763)**	(1,005)
Net increase in cash and cash equivalents		**30,391**	6,706
Cash and cash equivalents at beginning of the year		**40,154**	33,448
Cash and cash equivalents at end of the year	18	**70,545**	40,154

Notes to the Consolidated Financial Statements

For the year ended 31 March 2021

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 and property management services. The environmental cleaning solution services rendered by the Group include 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 dollar ("**HK$**") which is same as the functional currency of the Company.

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

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[4]
Amendments to HKFRS 16	Covid-19 – Related Rent Concessions[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[3]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[4]
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use[3]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[3]
Amendments to HKFRS Standards	Annual Improvements to IFRS Standards 2018–2020[3]

1 Effective for annual periods beginning on or after 1 June 2020.
2 Effective for annual periods beginning on or after 1 January 2021.
3 Effective for annual periods beginning on or after 1 January 2022.
4 Effective for annual periods beginning on or after 1 January 2023.
5 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs which 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. For the purpose of preparation of the consolidated financial statements, information is considered material of such information is reasonably expected to influence decisions made by primary users. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Statement of compliance (Continued)

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, 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.

The principal accounting policies are set out below.

Business combinations or asset acquisitions

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations or asset acquisitions (Continued)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations or asset acquisitions (Continued)

Changes in the Group's ownership interests in existing subsidiaries (Continued)

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.

Optional concentration test

Effective from 1 April 2020, the Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

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.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities must meet the definitions of an asset and a liability in the Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2020).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

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;

– 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; and

– lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government subsidies

Government subsidies are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the subsidies will be received.

Government subsidies related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such subsidies are presented under "other income and gains".

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

Leases

Definition of a lease

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 on or after the date of initial application or arising from business combinations, 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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Allocation of consideration to components of a contract (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income 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, 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.

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 amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(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.

(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 recognised in other comprehensive income 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

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.

(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;

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

(i) Significant increase in credit risk (Continued)

- 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, 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 earnings.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term and other long-term employee benefits

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

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

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

Provision

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

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

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

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

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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

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 2021, the carrying amounts of plant and equipment and right-of-use assets are approximately HK$2,799,000 (2020: HK$4,220,000) and HK$20,767,000 (2020: HK$20,011,000) respectively. No impairment loss of plant and equipment and right-of-use assets has been recognised in respect of the current year (2020: Nil).

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. The 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 2021, the carrying amount of the provision for long service payment obligations is approximately HK$8,762,000 (2020: HK$6,573,000).

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

Plant and equipment and certain of the right-of-use assets 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 the applicable right-of-use assets and if the expectation differs from the original estimate, such a difference may impact the depreciation charges for the future years.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Impairment of trade and other 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 trade receivables with significant balances are assessed for expected credit loss individually. The provision for expected credit loss is sensitive to changes in estimates.

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

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. Based on the assessment of the expected credit loss of the Group's other receivables, impairment loss is not considered necessary to be made in the consolidated financial statements (2020: Nil).

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 value in use of the cash-generating units is less than their respective carrying amounts, a material impairment loss may arise.

The carrying amount of goodwill at 31 March 2021 is HK$4,095,000 (2020: HK$4,095,000). No impairment of goodwill was recognised in respect of the current year (2020: 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:

	2021 **HK$'000**	2020 HK$'000
Street cleaning solutions	**413,031**	375,099
Building cleaning solutions	**83,922**	96,368
Bus and ferry cleaning solutions	**44,384**	44,296
Other cleaning solutions	**31,070**	22,491
Property management services	**8,143**	4,051
	580,550	542,305

5. REVENUE AND SEGMENT INFORMATION (Continued)

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 the Group's revenue is recognised on over time basis.

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 2021 and 31 March 2020 and the expected timing of recognising revenue are as follows:

	As at 31 March 2021		
	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	**71,724**	**36,243**	**107,967**
More than one year but not more than two years	**75,482**	**685**	**76,167**
More than two years	**19,727**	**–**	**19,727**
	166,933	**36,928**	**203,861**

	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)

For management purposes, the Group is organised into the following reportable operating segments based on the services rendered by the Group:

– Environmental cleaning services: provision of street cleanings, building cleaning, bus and ferry cleaning and other cleaning services

– Property management services: provision of property management services

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that bank interest income, government subsidies, finance costs, as well as other head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Segment revenue and results

	Segment revenue		Segment profit/(loss)	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Environmental cleaning services	**572,407**	538,254	**24,077**	23,914
Property management services	**8,143**	4,051	**1,127**	(352)
	580,550	542,305	**25,204**	23,562

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment services in the current year (2020: Nil).

	2021	2020
	HK$'000	HK$'000
Segment profit reported above	**25,204**	23,562
Government subsidies	**12,098**	–
Bank interest income	**75**	218
Corporate and other unallocated expenses – net	**(2,330)**	(2,409)
Finance costs	**(2,025)**	(2,535)
Profit before tax	**33,022**	18,836
Income tax expense	**(4,407)**	(4,774)
Profit for the year	**28,615**	14,062

Segment assets and liabilities

	2021	2020
	HK$'000	HK$'000
Segment assets		
Environmental cleaning services	**194,888**	164,342
Property management services	**3,110**	2,049
Total segment assets	**197,998**	166,391
Corporate and other unallocated assets	**446**	976
Total assets	**198,444**	167,367

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

	2021 HK$'000	2020 HK$'000
Segment liabilities		
Provision of cleaning services	**93,715**	91,188
Property management services	**1,836**	1,901
Total segment liabilities	**95,551**	93,089
Corporate and other unallocated liabilities	**1,386**	1,386
Total liabilities	**96,937**	94,475

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain plant and equipment, right-of-use assets, trade receivables, prepayments, deposits and other receivables, restricted bank balances, certain bank balances and cash and assets used jointly by reportable segments. Goodwill is allocated to segments as described in Note 15. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and

- all liabilities are allocated to operating segments other than certain trade payables, accruals and other payables, bank and other borrowings, lease liabilities, long service payment obligations, income tax payable, deferred tax liabilities and liabilities for which reportable segments are jointly liable. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

5. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2021	2020	**2021**	2020
	HK$'000	HK$'000	**HK$'000**	HK$'000
Environmental cleaning services	**8,551**	7,286	**7,909**	20,414
Property management services	**30**	–	**8**	–
	8,581	7,286	**7,917**	20,414
Unallocated	**–**	–	**–**	–
Consolidated total	**8,581**	7,286	**7,917**	20,414

The additions to non-current assets consist of additions to plant and equipment, right-of-use assets and exclude assets from the acquisition of subsidiaries and financial assets.

Geographical information

The Group is organised into two operating segments and all revenue are derived from Hong Kong and all the assets are located in Hong Kong. Accordingly, geographical information is not present.

Information about major customers

Revenue from individual customers contributing over 10% of the revenue of the Group is as follows:

	2021	2020
	HK$'000	HK$'000
Customer A	**413,445**	375,215

6. OTHER INCOME AND GAINS

	2021 **HK$'000**	2020 HK$'000
Government subsidies (note below)	**12,098**	–
Bank interest income	**75**	218
Gain on disposal of plant and equipment	**944**	98
Impairment loss on trade receivables reversed (note 16)	**–**	342
Sundry income	**135**	811
	13,252	1,469

Note: During the year ended 31 March 2021, government subsidies amounted to an aggregate of HK$12,098,000 (2020: Nil) were granted to the Group due to the COVID-19 under the Anti Epidemic Fund of the Government of the Hong Kong Special Administrative Region.

7. FINANCE COSTS

	2021 **HK$'000**	2020 HK$'000
Interest on:		
Bank and other borrowings	**851**	1,449
Lease liabilities	**1,174**	1,086
	2,025	2,535

8. INCOME TAX EXPENSE

	2021 HK$'000	2020 HK$'000
Current tax:		
Hong Kong Profits Tax		
Provision for the year	**3,424**	2,238
Underprovision in prior years	**878**	1,460
	4,302	3,698
Deferred tax charge *(note 24)*	**105**	1,076
	4,407	4,774

Hong Kong Profits Tax is calculated based on Hong Kong two-tiered profits tax rates regime, under which the first HK$2 million of the assessable profits of a qualifying corporation will be taxed at 8.25% (2020: 8.25%), and assessable profits above HK$2 million will be taxed at 16.5% (2020: 16.5%). The profits tax of corporations not qualifying for the two-tiered profits tax rates regime will be taxed at the rate of 16.5% (2020: 16.5%).

8. INCOME TAX EXPENSE (Continued)

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:

	2021 HK$'000	2020 HK$'000
Profit before tax	**33,022**	18,836
Tax charge at the tax rate of 16.5% (2020: 16.5%)	**5,833**	3,108
Tax effect of expenses not deductible for tax purpose	**670**	2,776
Tax effect of income not taxable for tax purpose	**(2,370)**	(2,646)
Tax effect on two-tiered profits tax rates regime	**(165)**	(165)
Utilisation of tax losses previously not recognised	**(399)**	(167)
Underprovision in prior years	**878**	1,460
Others	**(40)**	408
Income tax expense	**4,407**	4,774

9. PROFIT FOR THE YEAR

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

	2021 HK$'000	2020 HK$'000
Staff costs (including directors' remuneration)		
Directors' remuneration	**8,388**	5,802
Other staff costs		
Wages, salaries and other benefits	**436,207**	407,660
Retirement benefits scheme contributions	**10,767**	10,312
Provision for long service payments	**4,918**	2,792
Redundancy costs	**–**	5,438
Total staff costs	**460,280**	432,004
Auditors' remuneration	**610**	600
Depreciation of plant and equipment	**1,776**	1,856
Depreciation of right-of-use assets	**6,805**	5,430
Short term-lease expenses	**274**	40
Impairment loss in respect of trade receivables recognised/(reversed)	**129**	(342)

10. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES

(a) Directors' emoluments

Details of emoluments paid/payable to the directors of the Group are as follows:

2021	**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)*	**–**	**2,377**	**577**	**18**	**2,972**
Mr. Wong Chong Shing	**–**	**2,377**	**577**	**18**	**2,972**
Mr. Wong Chi Ho	**–**	**1,590**	**368**	**18**	**1,976**
Independent non-executive directors					
Mr. Lee Pak Chung	**156**	**–**	**–**	**–**	**156**
Mr. Au-Yeung Tin Wah	**156**	**–**	**–**	**–**	**156**
Mr. Chiu Ka Wai	**156**	**–**	**–**	**–**	**156**
	468	**6,344**	**1,522**	**54**	**8,388**

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

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 (2020: three directors) whose remuneration is included in the disclosures above. Details of the remuneration of the remaining two highest paid employees (2020: two) individuals are as follows:

	2021	2020
	HK$'000	HK$'000
Salaries and allowances	**1,837**	1,932
Retirement benefits scheme contributions	**36**	36
	1,873	1,968

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

	2021	2020
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**1**	1

11. DIVIDENDS

	2021	2020
	HK$'000	HK$'000
Proposed final dividend	**9,000**	–

Note: No interim dividend was paid to the shareholders of the Company during the year ended 31 March 2021 (2020: Nil).

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2021 of HK$1.5 cent per ordinary share (2020: Nil), in an aggregate amount of HK$9,000,000 (2020: Nil), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

12. EARNINGS PER SHARE

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

	2021 **HK$'000**	2020 HK$'000
Earnings for the purpose of the basic earnings per share		
Profit for the year attributable to owners of the Company	**28,615**	14,062

	Number of shares	
	2021 **'000**	2020 '000
Number of shares for the purpose of basic earnings per share		
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 2021 and 2020.

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 2019	1,069	10,679	377	26,244	–	38,369
Additions	76	385	85	694	664	1,904
Acquisition of subsidiary *(note 26)*	48	–	40	–	–	88
Disposals	–	–	–	(753)	–	(753)
At 31 March 2020 and 1 April 2020	1,193	11,064	502	26,185	664	39,608
Additions	366	122	3	–	–	491
Reclassified from right-of-use assets	–	–	–	3,660	–	3,660
Reclassified to right-of-use assets	–	–	–	(250)	–	(250)
Disposals	–	–	–	(2,689)	–	(2,689)
At 31 March 2021	**1,559**	**11,186**	**505**	**26,906**	**664**	**40,820**
ACCUMULATED DEPRECIATION						
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 and 1 April 2020	1,058	8,624	387	25,046	273	35,388
Charge for the year	68	812	34	530	332	1,776
Reclassified from right-of-use assets	–	–	–	3,550	–	3,550
Reclassified to right-of-use assets	–	–	–	(4)	–	(4)
Eliminated on disposals	–	–	–	(2,689)	–	(2,689)
At 31 March 2021	**1,126**	**9,436**	**421**	**26,433**	**605**	**38,021**
CARRYING AMOUNT						
At 31 March 2021	**433**	**1,750**	**84**	**473**	**59**	**2,799**
At 31 March 2020	135	2,440	115	1,139	391	4,220

13. PLANT AND EQUIPMENT (Continued)

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

Certain motor vehicles with the carrying amount of approximately HK$Nil at 31 March 2021 (2020: HK$Nil) are pledged for the other borrowings obtained by the Group (note 22(v)).

14. RIGHT-OF-USE ASSETS

	Leased motor vehicles HK$'000 *(Note i)*	**Leased properties** HK$'000 *(Note ii)*	**Total** HK$'000 *(Note)*
Carrying amount at 1 April 2019	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 and 1 April 2020	19,801	210	20,011
Additions	6,867	558	7,425
Reclassified from plant and equipment	246	–	246
Reclassified to plant and equipment	(110)	–	(110)
Depreciation provided for the year ended 31 March 2021	(6,406)	(399)	(6,805)
Carrying amount at 31 March 2021	20,398	369	20,767

	2021 **HK$'000**	2020 HK$'000
Expense relating to short-term leases and other leases with lease terms end within twelve months	**274**	40
Total cash outflow for leases	**7,885**	5,891

14. RIGHT-OF-USE ASSETS (Continued)

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 two 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 2021, 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 both by the Group and 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

	2021 **HK$'000**	2020 HK$'000
Cost		
At beginning of the year	**4,095**	–
Acquisition of a subsidiary *(note 26)*	**–**	4,095
At end of the year	**4,095**	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**")

	2021 **HK$'000**	2020 HK$'000
Property management	**4,095**	4,095
At 31 March	**4,095**	4,095

15. GOODWILL (Continued)

Property management

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

	2021	2020
Compound annual growth rate of revenue in five-year period	**2.4%**	2%
Annual growth rate beyond the five-year period	**2.4%**	2%
Discount rate	**11.1%**	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 2021, 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.

Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the CGUs to exceed their respective recoverable amounts.

16. TRADE RECEIVABLES

	2021	2020
	HK$'000	HK$'000
Trade receivables	**53,188**	53,055

As at 31 March 2021, the gross amount of trade receivables arising from contracts with customers amounted to HK$53,449,000 (2020: HK$53,187,000).

16. TRADE RECEIVABLES (Continued)

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:

	2021 **HK$'000**	2020 HK$'000
0 to 60 days	**51,958**	50,962
61 to 90 days	**19**	1,291
Over 90 days	**1,211**	802
	53,188	53,055

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 2021, the gross amount of trade receivables from government and public utility customers with an aggregate amount of approximately HK$26,984,000 (2020: 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$26,465,000 (2020: 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 2021, the Group has provided HK$261,000 (2020: HK$132,000) impairment allowance for non-government and non-public utility customers.

The gross carrying amounts for the year ended 31 March 2021 and 31 March 2020 are shown as follows:

	Trade receivable	
Non-government and non-public utility customers:	**2021** **HK$'000**	2020 HK$'000
0 to 60 days	**25,249**	15,464
61 to 120 days	**551**	1,534
121 to 180 days	**96**	270
181 to 360 days	**27**	105
More than 360 days	**542**	416
	26,465	17,789

16. TRADE RECEIVABLES (Continued)

Movements in the impairment loss recognised on trade receivables during the year ended 31 March 2021 are as follows:

	2021	2020
	HK$'000	HK$'000
Balance at beginning of the year	**132**	474
Loss allowance recognised/(reversed) during the year	**129**	(342)
Balance at end of the year	**261**	132

As at 31 March 2021, the Group pledged the trade receivables with net carrying amount of approximately HK$7,268,000 (2020: HK$25,754,000) to secure bank borrowings. Details of pledge of assets are set out in note 31.

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021	2020
	HK$'000	HK$'000
Deposits	**7,836**	7,746
Prepayments	**4,007**	5,250
Other receivables	**700**	708
	12,543	13,704

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

(i) The bank deposits amounted to HK$33,125,000 (2020: HK$31,027,000) were pledged to secure bank and other borrowings granted to the Group (notes 22 and 31) and performance bonds issued by banks in relation to service contracts entered by the Group (note 35(a)).

(ii) The restricted bank balances amounted to HK$1,382,000 (2020: HK$1,101,000) are solely applied for the payments of expenses for certain properties managed by the Group.

18. PLEDGED BANK DEPOSITS, RESTRICTED BANK BALANCES AND BANK BALANCES AND CASH (Continued)

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

	2021	2020
	HK$'000	HK$'000
Cash and cash equivalents for consolidated cash flow statement		
Bank balances and cash	**70,545**	40,154

The bank balances and pledged bank deposits totalled approximately HK$103,670,000 (2020: HK$71,181,000) earned interest at floating rates based on daily bank deposit rates.

19. TRADE PAYABLES

	2021	2020
	HK$'000	HK$'000
Trade payables	**7,031**	7,979

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

	2021	2020
	HK$'000	HK$'000
0 to 60 days	**5,097**	3,332
61 to 90 days	**6**	10
Over 90 days	**1,928**	4,637
	7,031	7,979

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

	2021 HK$'000	2020 HK$'000
Accrued expenses	**40,478**	34,354
Other payables	**494**	1,857
	40,972	36,211

21. LEASE LIABILITIES

	2021 HK$'000	2020 HK$'000
Lease liabilities payable:		
Within one year	**8,045**	6,894
Within a period of more than one year but not more than two years	**12,114**	13,464
	20,159	20,358
Less: Amount due for settlement within twelve months	**(8,045)**	(6,594)
Amount due for settlement after twelve months shown under non-current liabilities	**12,114**	13,464

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 2021 ranged from 1.98% to 3.42% per annum (2020: 2% to 3.42% per annum).

22. BANK AND OTHER BORROWINGS

	2021 HK$'000	2020 HK$'000
Bank borrowings – secured *(notes (i) & (ii))*	**16,040**	16,861
Other borrowings – secured *(notes (iii) & (iv))*	**1,263**	3,320
	17,303	20,181

22. BANK AND OTHER BORROWINGS (Continued)

	2021	2020
	HK$'000	HK$'000
Carrying amount repayable:		
Within one year	**17,303**	18,918
In the second year	**–**	1,263
	17,303	20,181
Less: Amount repayable within one year shown under current liabilities	**(17,303)**	(18,918)
Amount shown under non-current liabilities	**–**	1,263

Notes:

(i) The bank and other borrowings were denominated in HK$ as at 31 March 2021 and 2020.

(ii) At 31 March 2021, secured bank borrowings carried interest at floating rates by reference to the interest rate of HK$ COF plus (2020: HK$ Prime Rate plus) plus a margin ranged from 1.95% to 3.66% (2020: 1.95% to 7.00%) per annum.

(iii) At 31 March 2021, secured other borrowings carried interest at fixed rate at 3.5% per annum.

(iv) During the year ended 31 March 2020, the Group entered into a hire purchase agreements with an independent leasing company to provide loans of HK$6,000,000 to the Group and certain motor vehicles of the Group with aggregate carrying amount of HK$Nil (2020: HK$Nil) 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 motor vehicles to the Group at a nominal consideration of HK$500 for each motor vehicle.

(v) The bank borrowings amounted to HK$16,040,000 outstanding at 31 March 2021 (2020: HK$16,861,000) are secured by pledge of bank deposits and trade receivables of the Group.

The other borrowings amounted to HK$1,263,000 outstanding at 31 March 2021 (2020: HK$3,320,000) which are secured by motor vehicles with the carrying amount of HK$Nil (2020: Nil) at that date.

22. 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:

	2021 **HK$'000**	2020 HK$'000
Facility amount	**173,800**	212,800
Utilisation		
– Secured bank borrowings	**16,040**	16,861
– Performance bonds *(note 35(a))*	**45,084**	53,054
	61,124	69,915

As at 31 March 2021 and 2020, banking facilities and bank guarantees were secured by assets pledged as set out in note 31 and corporate guarantees executed by the Company and corporate guarantees given by certain entities within the Group.

23. LONG SERVICE PAYMENT OBLIGATIONS

	2021 **HK$'000**	2020 HK$'000
Analysed for reporting purposes as		
Non-current liabilities	**2,836**	6,573
Current liabilities	**5,926**	–
	8,762	6,573

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.

23. LONG SERVICE PAYMENT OBLIGATIONS (Continued)

Movements in the long service payment obligations are as follows:

	2021 **HK$'000**	2020 HK$'000
At beginning of the year	**6,573**	4,188
Acquisition of subsidiary *(note 26)*	**–**	351
Charged to profit or loss	**4,918**	2,441
Paid during the year	**(2,729)**	(407)
At the end of the year	**8,762**	6,573

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

24. 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:

	2021 **HK$'000**	2020 HK$'000
Deferred tax liabilities	**1,764**	2,034
Deferred tax assets	**–**	(375)
Net deferred tax liabilities	**1,764**	1,659

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 2019	1,059	(476)	583
Charged to profit or loss *(note 8)*	975	101	1,076
At 31 March 2020 and 1 April 2020	2,034	(375)	1,659
Charged to profit or loss *(note 8)*	(270)	375	105
At 31 March 2021	**1,764**	**–**	**1,764**

25. SHARE CAPITAL

	2021 Number of ordinary shares '000	**2021** Share capital HK$'000	2020 Number of ordinary shares '000	2020 Share capital HK$'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

There were no changes of the share capital of the Company for the years ended 31 March 2021 and 31 March 2020.

26. ACQUISITION OF SUBSIDIARIES

The Company has not acquired any subsidiaries during the year ended 31 March 2021

Acquisition of a subsidiary during the year ended 31 March 2020

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 conditionally agreed to sell and Matrix 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 and to create the synergy effect with existing business.

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.

26. ACQUISITION OF SUBSIDIARIES (Continued)

Acquisition of a subsidiary during the year ended 31 March 2020 (Continued)

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

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	1,546
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 was 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.

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 15)*	4,095

26. ACQUISITION OF SUBSIDIARIES (Continued)

Acquisition of a subsidiary during the year ended 31 March 2020 (Continued)

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

Goodwill on acquisition (Continued)

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 ended 31 March 2020 is the loss of HK$352,000 attributable to the additional business generated by Curtaman. The Group's revenue for the year ended 31 March 2020 includes HK$4,052,000 generated from Curtaman.

Had the acquisition been completed on 1 April 2019, revenue and profit for the year of the Group for the year ended 31 March 2020 would have been HK$546,722,000 and HK$14,774,000 respectively. 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 for the year ended 31 March 2020 had Curtaman been acquired at 1 April 2019, 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.

27. 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.

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 **HK$'000**	2020 HK$'000
Financial assets		
Financial assets at amortised cost		
Trade receivables	**53,188**	53,055
Deposits and other receivables	**8,536**	8,454
Pledged bank deposits	**33,125**	31,027
Restricted bank balance	**1,382**	1,101
Bank balances and cash	**70,545**	40,154
	166,776	133,791
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	**7,031**	7,979
Accruals and other payables	**40,972**	36,211
Lease liabilities	**20,159**	20,358
Bank and other borrowings	**17,303**	20,181
	85,465	84,729

(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, 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 2021, 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 34(a).

As at 31 March 2021, the Group has concentration of credit risk as 39% (2020: 43%) and 79% (2020: 67%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

28. FINANCIAL INSTRUMENTS (Continued)

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

Credit risk (Continued)

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, taking into account both quantitative and qualitative information that is reasonable and supportable the Group applies the simplified approach to provide for expected credit losses for trade receivables, prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for these receivables.

The loss allowance for trade receivables, as at 31 March 2021 were determined as follows:

	Not overdue – 60 days overdue	**61–360 days overdue**	**More than 360 days overdue**	**Total**
31 March 2021				
Expected loss rate	0.1%	2.2% – 33.3%	62.2%	
Gross carrying amount (HKD'000)	52,004	1,052	393	53,449
Loss allowance (HKD'000)	46	1	214	261

The loss allowance for trade receivables, as at 31 March 2020 were determined as follows:

	Not overdue – 60 days overdue	**61–360 days overdue**	**More than 360 days overdue**	**Total**
31 March 2020				
Expected loss rate	0.1%	1.5% – 28.1%	53%	
Gross carrying amount (HKD'000)	53,735	2,017	435	53,187
Loss allowance (HKD'000)	33	5	94	132

The above expected credit losses also incorporated forward looking information.

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.

28. 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 lease liabilities and other borrowings (see notes 22 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 2021, the Group was exposed to cash flow interest rate risk in relation to variable-rate bank borrowings (see note 22 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 (2020: 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 (2020: increase/decrease) by approximately HK$85,000 for the year ended 31 March 2021 (2020: HK$112,000). 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 2021, the Group has available unutilised bank facilities of approximately HK$112,676,000 (2020: HK$142,885,000). Details of which are set out in note 22.

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.

28. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

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.

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 2021	Weighted average interest rate	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	–	53,188	–	–	53,188	53,188
Deposits and other receivables	–	8,533	–	–	8,535	8,535
Pledged bank deposits	0.00% – 0.25%	33,125	–	–	33,125	33,125
Restricted bank balances	–	1,382	–	–	1,382	1,382
Bank balances and cash	0.01% – 0.05%	70,545	–	–	70,545	70,545
		166,733	–	–	166,773	166,773
Non-derivative financial liabilities						
Trade payables	–	7,031	–	–	7,031	7,031
Accruals and other payables	–	40,972	–	–	40,972	40,972
Lease liabilities	1.98% – 3.42%	8,782	8,991	3,701	21,474	20,159
Bank and others borrowings	1.95% – 3.66%	17,376	–	–	17,376	17,303
		74,161	8,991	3,701	86,853	85,465

28. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

The Group (Continued)

At 31 March 2020	Weighted average interest rate	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
Deposit and other receivables	–	8,454	–	–	8,454	8,454
Pledged bank deposits	0.25% – 0.60%	31,027	–	–	31,027	31,027
Restricted bank balances	–	1,101	–	–	1,101	1,101
Bank balances and cash	0.01% – 0.05%	40,154	–	–	40,154	40,154
		133,791	–	–	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
Obligations under finance leases	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

The amounts included above for variable interest rate instruments for non-derivative financial assets and 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.

28. 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.

29. 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 2020 HK$'000	**Financing cash (outflows)/ inflows HK$'000**	**Non-cash change HK$'000**	**As at 31 March 2021 HK$'000**
Lease liabilities	**20,358**	**(7,885)**	**7,686**	**20,159**
Bank and other borrowings	**20,181**	**(2,878)**	**–**	**17,303**
	40,539	**(10,763)**	**7,686**	**37,462**

	As at 1 April 2019 HK$'000	Financing cash outflows HK$'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

30. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 March 2021, 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$5,969,000 (2020: HK$18,308,900).

31. 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:

	2021 HK$'000	2020 HK$'000
Trade receivables	**7,268**	25,754
Pledged bank deposits	**33,125**	31,027
	40,393	56,781

32. 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	**2021 HK$'000**	2020 HK$'000
Substantial shareholder and director:			
Lease payment	(i)	**412**	328
Rental expenses	(i)	**–**	40
Director of a subsidiary:			
Consultancy fee	(ii)	**260**	150

Notes:

(i) Lease payment and rental expenses charged by a 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.

33. 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 2021 and 2020.

34. 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. Contributions to the scheme vest immediately.

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$10,821,000 (2020: HK$10,366,000).

Apart from the above, the Group has no significant obligations under retirement benefit schemes at the end of both of the years presented. No forfeited contribution is available to reduce the contribution payable in the future years.

35. CONTINGENT LIABILITIES

(a) Performance bonds

	2021 **HK$'000**	2020 HK$'000
Guarantees on performance bonds in respect of service contracts	**45,084**	53,054

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 2021 and 2020, 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, the potential liabilities arising from legal proceedings are not material, thus no such liabilities are accounted for in the consolidated financial statements.

During the current year, Man Shing Cleaning Service Company Limited, a subsidiary of the Group, was engaged by the Food and Environmental Hygiene Department as the contractor for providing street cleaning services in Sham Shui Po, Hong Kong. On 12 September 2020, a vehicle (the "**Vehicle**") owned by the Group, being driven by an employee (the "**Employee**") of the Group in the course of providing the aforesaid cleansing services, collided with a KMB bus in Sham Shui Po (the "**Accident**"). The Vehicle and the KMB bus were damaged in the Accident. According to relevant news reports, a number of people were also injured.

As a result of the Accident, the Employee was being charged with the criminal offence of dangerous driving. To the best of the knowledge, information and belief of the directors of the Company ("**the Directors**"), such criminal prosecution was still ongoing as at the date of approval of these consolidated financial statements.

As advised by the Group's legal adviser, the Employee may face civil litigation claims from KMB for repair costs of the KMB bus damaged in the Accident, as well as from third parties injured in the Accident for personal injuries. Up to the date of approval of these consolidated financial statements, (i) the Group had been notified in writing that an individual was allegedly injured in the Accident, but it was still unknown as to the amount of such claim, and (ii) no other claims were received by the Group.

Based on the legal advice obtained, if the Employee is held liable for any such intended civil claims, the Group may be held vicariously liable to pay for related damages and legal costs. Nevertheless, according to the Group's legal adviser, any potential claims to be initiated against the Group arising therewith will be well covered and indemnified by insurance, accordingly the Directors are of the view that no provision is required to be made in respect of the Accident in the consolidated financial statements.

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2021 HK$'000	2020 HK$'000
Non-current assets		
Investments in subsidiaries	**30,070**	30,070
Current assets		
Prepayments and other receivables	**257**	236
Amounts due from subsidiaries	**18,553**	18,514
Bank balances	**189**	740
	18,999	19,490
Current liabilities		
Accruals and other payables	**1,386**	1,386
	1,386	1,386
Net current assets	**17,613**	18,104
Net assets	**47,683**	48,174
Capital and reserves		
Share capital	**6,000**	6,000
Reserves	**41,683**	42,174
Total equity	**47,683**	48,174

The Company's statement of financial position was approved and authorised for issue by the board of directors on 24 June 2021 and is signed on its behalf by:

Wong Chong Shing
Director

Wong Man Sing
Director

36. 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 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 and 1 April 2020	**42,463**	**30,070**	**(30,359)**	**42,174**
Loss and total comprehensive expense for the year	**–**	**–**	**(491)**	**(491)**
At 31 March 2021	**42,463**	**30,070**	**(30,850)**	**41,683**

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.

37. LIST OF SUBSIDIARIES

Details of the Company's subsidiaries are as follows:

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 2021	31 March 2020	
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
Curtaman Property Management Ltd	Hong Kong 7 January 1983	HK$500,000	**100%**	100%	Property management

None of the subsidiaries has issued any debt securities at the end of both years ended 31 March 2021 and 31 March 2020.

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