

Man Shun Group (Holdings) Limited 萬順集團(控股)有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1746

2025

Interim Report



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. CHEUNG Yuen Tung (*Chairman*)

Mr. CHEUNG Yuen Chau

Independent non-executive Directors

Mr. PANG Kam Fai, Dickson

Mr. LAW Chung Lam, Nelson

Ms. NGAI Yuk Chun

AUDIT COMMITTEE

Ms. NGAI Yuk Chun (*Chairman*)

Mr. PANG Kam Fai, Dickson

Mr. LAW Chung Lam, Nelson

REMUNERATION COMMITTEE

Mr. PANG Kam Fai, Dickson (*Chairman*)

Mr. LAW Chung Lam, Nelson

Ms. NGAI Yuk Chun

NOMINATION COMMITTEE

Mr. LAW Chung Lam, Nelson (*Chairman*)

Mr. PANG Kam Fai, Dickson

Ms. NGAI Yuk Chun

AUTHORISED REPRESENTATIVE

Mr. CHEUNG Yuen Tung

Ms. LO Wan Man

COMPANY SECRETARY

Ms. LO Wan Man

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Nanyang Commercial Bank, Limited

AUDITOR

D & Partners CPA Limited

Certified Public Accountants

Registered Public Interest Entity Auditor

Room 2201, 22/F

West Exchange Tower

322 Des Voeux Road Central

Sheung Wan, Hong Kong

REGISTERED OFFICE

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1908, 19th Floor

Cheung Fung Industrial Building

Nos. 23–39 Pak Tin Par Street

Tsuen Wan, New Territories

Hong Kong

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

STOCK CODE

01746

COMPANY'S WEBSITE

<http://www.manshungroup.com.hk>

Unaudited Interim Results

The board (the “**Board**”) of directors (the “**Directors**”) of Man Shun Group (Holdings) Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”), together with the unaudited comparative figures for corresponding period in 2024 (the “**Corresponding Period**”), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Notes	Six months ended 30 June	
		2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Revenue	4	44,017	69,388
Cost of services		(34,647)	(63,086)
Gross profit		9,370	6,302
Other income	5	1,529	3,782
Administrative expenses		(12,307)	(11,938)
Finance costs	6(a)	(38)	(46)
Loss before taxation	6	(1,446)	(1,900)
Income tax credit	7	–	60
Loss and total comprehensive expense for the period		(1,446)	(1,840)
		HK cents	HK cents
Loss per share	9		
Basic		(0.14)	(0.18)
Diluted		(0.14)	(0.18)

Condensed Consolidated Statement of Financial Position

At 30 June 2025

	Notes	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Non-current asset			
Property, plant and equipment	10	1,480	1,661
Current assets			
Inventories	11	1,065	796
Trade and other receivables	12	38,142	50,828
Contract assets		12,680	17,990
Tax recoverable		–	203
Cash at bank and in hand	13	79,537	65,023
		131,424	134,840
Current liabilities			
Trade and other payables	14	12,162	14,274
Contract liabilities		376	379
Lease liabilities		571	728
		13,109	15,381
Net current assets		118,315	119,459
Total assets less current liabilities		119,795	121,120
Non-current liability			
Lease liabilities		247	126
Deferred tax liabilities		27	27
		274	153
Net assets		119,521	120,967
Capital and reserves			
Share capital	15	10,000	10,000
Reserves		109,521	110,967
Total equity		119,521	120,967

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2025

	Share capital <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	(Accumulated losses)/ Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2025 (audited)	10,000	2,010	107,850	1,107	120,967
Loss and total comprehensive expense for the period	–	–	–	(1,446)	(1,446)
At 30 June 2025 (unaudited)	10,000	2,010	107,850	(339)	119,521
At 1 January 2024 (audited)	10,000	2,010	107,850	31,968	151,828
Loss and total comprehensive expense for the period	–	–	–	(1,840)	(1,840)
At 30 June 2024 (unaudited)	10,000	2,010	107,850	30,128	149,988

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Operating activities		
Loss before taxation	(1,446)	(1,900)
Adjustments for:		
Finance costs	38	46
Depreciation of property, plant and equipment	166	203
Depreciation of right-of-use assets	695	699
Gain on disposal of property, plant and equipment	–	(174)
Gain on early termination of lease	–	(3)
Interest income	(703)	(1,558)
Operating cash flows before movements in working capital	(1,250)	(2,687)
(Increase)/decrease in inventories	(269)	159
Decrease in trade and other receivables	12,758	751
Net movement in contract assets/contract liabilities	5,307	5,331
Decrease in trade and other payables	(2,112)	(9,704)
Net cash generated from/(used in) operating activities	14,434	(6,150)
Hong Kong Profits Tax refund/(paid)	203	(143)
Net cash generated from/(used in) operating activities	14,637	(6,293)
Investing activities		
Payment for purchase of property, plant and equipment	(12)	(580)
Interest received	631	1,380
Proceeds from sale of property, plant and equipment	–	175
Net cash generated from investing activities	619	975
Financing activities		
Capital element of lease rental paid	(704)	(691)
Interest element of lease rental paid	(38)	(46)
Net cash used in financing activities	(742)	(737)
Net increase/(decrease) in cash and cash equivalents	14,514	(6,055)
Cash and cash equivalents at the beginning of the period	65,023	88,370
Cash and cash equivalents at the end of the period	79,537	82,315

Notes to the Condensed Consolidated Interim Financial Statements

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company (the “**Shares**”) were listed on the Main Board of the Stock Exchange of Hong Kong (the “**Stock Exchange**”) on 11 July 2018.

The address of its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the address of its principal place of business is at Room 1908, 19th Floor, Cheung Fung Industrial Building, Nos. 23–39 Pak Tin Par Street, Tsuen Wan, New Territories, Hong Kong.

The Group are principally engaged in provision of installation of heat, ventilation and air-conditioning system (the “**HVAC**”) in Hong Kong.

2. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with the Hong Kong Accounting Standard (“**HKAS**”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

Notes to the Condensed Consolidated Interim Financial Statements

2. BASIS OF PREPARATION *(Continued)*

These condensed consolidated interim financial statements are presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) and should be read in conjunction with the 2024 consolidated financial statements.

The interim financial report for the six months ended 30 June 2025 is unaudited but has been reviewed by the Audit Committee of the Company.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendment to HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 21, *Lack of Exchangeability*

1 January 2025

Amendments to HKAS 21 has no material impact on the Group’s financial positions and performances for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The changes in accounting policies are also expected to be reflected in the Group’s consolidated financial statements as at and for the year ending 31 December 2025.

Notes to the Condensed Consolidated Interim Financial Statements

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received or receivable from the service contracts by the Group to external customers. The Group's operation is solely derived from HVAC business in Hong Kong during the reporting periods. For the purpose of resources allocation and performance assessment, the chief operating decision maker reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

Revenue is disaggregated as follows:

By timing of revenue recognition:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Products transferred at a point in time	15,133	24,527
Services transferred over time	28,884	44,861
	44,017	69,388

By type of services:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Installation services only	10,734	9,928
Installation services with HVAC systems procurement	33,283	59,460
	44,017	69,388

Geographical information

The Group's operations are solely located in Hong Kong.

Notes to the Condensed Consolidated Interim Financial Statements

5. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	703	1,558
Repair and other services income	771	1,599
Sale of materials	53	431
Gain on disposal of property, plant and equipment	–	174
Gain on early termination of lease	–	3
Sundry income	2	17
	1,529	3,782

6. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

a. Finance costs

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on lease liabilities	38	46

Notes to the Condensed Consolidated Interim Financial Statements

6. LOSS BEFORE TAXATION (Continued)

b. Staff costs (including directors' emoluments)

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, wages and other benefits	11,182	12,107
Contributions to defined contribution retirement plan	405	427
	11,587	12,534

c. Other items

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Depreciation on owned property, plant and equipment	166	203
Depreciation on right-of-use assets including in administrative expenses	429	426
Depreciation on right-of-use assets including in cost of services	266	273
	861	902
Gain on disposal of property, plant and equipment	–	(174)
Gain on early termination of lease	–	(3)

Notes to the Condensed Consolidated Interim Financial Statements

7. INCOME TAX CREDIT

Taxation in the consolidated statement of profit or loss and other comprehensive expense represents:

Six months ended 30 June	
2025	2024
HK\$'000	HK\$'000
(unaudited)	(unaudited)
Current tax — Hong Kong Profits Tax	
Over-provision in respect of prior years	60

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries in Hong Kong have either sustained losses for tax purpose or their unused tax losses were sufficient to cover their estimated assessable profits for the periods ended 30 June 2025 and 2024.

8. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (Corresponding Period: nil).

9. LOSS PER SHARE

a. Basic loss per share

The basic loss per share is calculated based on the loss attributable to ordinary equity shareholders of the Company for the period of HK\$1,446,000 (2024: HK\$1,840,000) and the weighted average of 1,000,000,000 ordinary shares (2024: 1,000,000,000 ordinary shares) in issue during the period.

b. Diluted loss per share

The amount of dilutive loss per share is the same as basic loss per share for the six months ended 30 June 2025 and 2024 as there were no dilutive potential ordinary shares in issue.

Notes to the Condensed Consolidated Interim Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT

a. Reconciliation of carrying amount:

	Leasehold improvements HK\$'000	Other properties leased for own use HK\$'000	Furniture and equipment HK\$'000	Computer and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:						
At 1 January 2024 (audited)	748	5,991	125	786	4,063	11,713
Additions	–	903	–	2	577	1,482
Disposals	–	–	(13)	–	(656)	(669)
Early termination of lease	–	(479)	–	–	–	(479)
At 31 December 2024 (audited) and 1 January 2025 (audited)	748	6,415	112	788	3,984	12,047
Additions	–	668	–	12	–	680
At 30 June 2025 (unaudited)	748	7,083	112	800	3,984	12,727
Accumulated depreciation:						
At 1 January 2024 (audited)	748	4,686	123	561	3,479	9,597
Charge for the period	–	1,325	1	91	353	1,770
Elimination of disposals	–	–	(13)	–	(655)	(668)
Elimination of early termination of lease	–	(313)	–	–	–	(313)
At 31 December 2024 (audited) and 1 January 2025 (audited)	748	5,698	111	652	3,177	10,386
Charge for the period	–	657	–	43	161	861
At 30 June 2025 (unaudited)	748	6,355	111	695	3,338	11,247
Net book value:						
At 31 December 2024 (audited)	–	717	1	136	807	1,661
At 30 June 2025 (unaudited)	–	728	1	105	646	1,480

Notes to the Condensed Consolidated Interim Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

b. Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

		30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
	Notes		
Other properties leased for own use	(i)	728	717
Computer and office equipment	(ii)	74	111
		802	828

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Depreciation charge of right-of-use assets by class of underlying asset:		
Other properties leased for own use	657	1,325
Computer and office equipment	38	76
	695	1,401
Gain on early termination of lease	—	3
Interest on lease liabilities	38	88

During the period, additions to right-of-use assets were HK\$668,000 (Corresponding Period: HK\$659,000). This amount included the capitalised lease payments payable under lease of office premises.

Notes to the Condensed Consolidated Interim Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

b. Right-of-use assets *(Continued)*

(i) **Other properties leased for own use**

The Group has obtained the right to use other properties as its office premises and warehouses through tenancy agreements. The leases typically run for an initial period of 1 to 3 years.

The leases do not include an option to renew the lease for an additional period after the end of the contract term.

(ii) **Computer and office equipment**

The Group leases office equipment under leases expiring from 2 to 3 years. Leases include an option to purchase the leased office equipment at the end of the lease term at a price deemed to be a bargain purchase option. None of the leases includes variable lease payments.

11. INVENTORIES

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Raw materials	1,065	796

Notes to the Condensed Consolidated Interim Financial Statements

12. TRADE AND OTHER RECEIVABLES

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Trade receivables, net of loss allowance	15,890	27,226
Deposits, prepayment and other receivables, net of loss allowance	930	1,791
Retention receivables, net of loss allowance	21,322	21,811
	38,142	50,828

At 30 June 2025 and 31 December 2024, the amounts of retention receivables expected to be recovered after more than one year are HK\$16,890,000 and HK\$15,796,000 respectively. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

At 30 June 2025 and 31 December 2024, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the date of payment certificate and net of loss allowances, is as follows:

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Within 1 month	11,849	21,463
1 to 3 months	3,807	5,360
Over 3 months	234	403
	15,890	27,226

Trade receivables are due within 30 to 45 days from the date of payment certificate.

Notes to the Condensed Consolidated Interim Financial Statements

13. CASH AND CASH EQUIVALENTS

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Cash at banks and in hand and cash and cash equivalents in the consolidated cash flow statement	79,537	65,023

14. TRADE AND OTHER PAYABLES

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Trade payables	4,088	4,261
Accrued subcontracting costs	4,954	6,607
Other payables and accruals	2,951	3,209
Provision for long service payment	169	197
	12,162	14,274

At 30 June 2025 and 31 December 2024, the ageing analysis of trade payables, based on the invoice date, is as follows:

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Within 1 month	1,363	1,023
1 to 2 months	1,185	2,886
2 to 3 months	187	352
Over 3 months	1,353	—
	4,088	4,261

Notes to the Condensed Consolidated Interim Financial Statements

15. SHARE CAPITAL

The share capital of the Company as at 30 June 2025 and 31 December 2024 is as follows:

	Number of shares	<i>HK\$'000</i>
Authorised ordinary shares of \$0.01 each		
At 1 January 2024 (audited), 31 December 2024 (audited), 1 January 2025 (audited) and 30 June 2025 (unaudited)	5,000,000,000	50,000
Ordinary shares, Issued and fully paid		
At 1 January 2024 (audited), 31 December 2024 (audited), 1 January 2025 (audited) and 30 June 2025 (unaudited)	1,000,000	10,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes to the Condensed Consolidated Interim Financial Statements

16. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Lease payments paid to related companies	570	570

17. EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000.

Contributions to the provident fund by the Group for its employees are fully and immediately vested in the employees once the contribution are made. There are no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution. Hence, there is no forfeited contributions which may be used by the Group to reduce the existing level of contributions.

18. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 June 2025 and 31 December 2024.

Notes to the Condensed Consolidated Interim Financial Statements

19. CONTINGENT LIABILITIES

At 30 June 2025, contingent liabilities authorised but not provided for in the consolidated financial statements were as follows:

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Court proceedings (<i>note</i>)	872	872

Note: In 2020, a subcontractor sued Man Tung Air-Conditioning Works Limited (“**Man Tung Works**”), a subsidiary of the Company, for the amount due of HK\$871,664 for the ventilation fans installation works. Currently, Man Tung Works is waiting for 1st court session. Based on the legal advice and after consideration of possible business and financial impact, the directors believe stand a reasonable chance of success in defending the action and securing the counterclaims, therefore there is no present obligation to make any provision for the case at this stage.

Management Discussion and Analysis

BUSINESS REVIEW

The Group is an established HVAC electrical and mechanical (“**HVAC E&M**”) engineering services provider in Hong Kong with a long business history dating back to 1996. The Group generally focuses on serving new residential property developments projects as a first-tier or second-tier subcontractor in Hong Kong. The HVAC E&M engineering services typically involve installation of HVAC systems, which refers to heat, ventilation and air-conditioning systems.

The Group is registered as a Registered Electrical Contractor under the Electrical and Mechanical Services Departments of the Government, a minor works contractor (company) of Type A (Classes II and III), Type D (Classes II and III) and Type E (Classes II and III) under the Building Authority and a registered subcontractor under the Subcontractor Registration Scheme operated by the Construction Industry Council.

The growth in Hong Kong’s construction industry is slow, owing to slump in property sector in the first half of 2025 which affect the speed of housing construction by developers and less availability of new projects for tendering. During the Reporting Period, certain of the Group’s projects faced the slowdown or suspension in commencement and/or construction progress. As a results, the Group recorded a net loss of approximately HK\$1,446,000 during the Reporting Period.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

By type of services:

	Six months ended 30 June							
	2025		Gross profit margin		2024		Gross profit margin	
	Revenue HK\$'000 (unaudited)	%	Gross profit HK\$'000 (unaudited)	%	Revenue HK\$'000 (unaudited)	%	Gross profit HK\$'000 (unaudited)	%
Installation services only	10,734	24	2,855	27	9,928	14%	207	2%
Installation services with HVAC systems procurement	33,283	76	6,515	20	59,460	86%	6,095	10%
	44,017	100	9,370	21	69,388	100%	6,302	9%

By timing of revenue recognition:

	Six months ended 30 June			
	2025		2024	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Services transferred over time	28,884	66	44,861	65%
Products transferred at a point in time	15,133	34	24,527	35%
	44,017	100	69,388	100%

During the Reporting Period, the Group's revenue decreased by approximately HK\$25,371,000 or approximately 36.6% to HK\$44,017,000 (Corresponding Period: approximately HK\$69,388,000). The decrease was mainly due to several projects reached the completion stage and a few new projects were carried out during the Reporting Period.

Management Discussion and Analysis

Cost of services

	Six months ended 30 June			
	2025		2024	
	HK\$'000	%	HK\$'000	%
	(unaudited)		(unaudited)	
Subcontracting fees	18,082	52	19,033	30%
Materials and consumables	8,870	26	34,531	55%
Direct labour	5,215	15	6,330	10%
Storage fee	1,219	3	1,674	3%
Others	1,261	4	1,518	2%
Total	34,647	100	63,086	100%

The Group's cost of services mainly represented cost of HVAC systems and other ancillary consumables such as pipes and fittings, and subcontracting charges for completing on site works. The cost of services decreased by approximately HK\$28,439,000 or 45.1% to approximately HK\$34,647,000 for the Reporting Period, as compared to approximately HK\$63,086,000 for the Corresponding Period. The decrease was mainly due to the decrease in revenue.

Gross profit and gross profit margin

The Group's gross profit increased by approximately HK\$3,068,000 or 48.7% from approximately HK\$6,302,000 for the Corresponding Period to approximately HK\$9,370,000 for the Reporting Period.

The gross profit margin for the Reporting Period was increased from approximately 9.1% for the Corresponding Period to approximately 21.3% for the Reporting Period. The increase was mainly due to substantial amount of revenue were recognised from projects with higher profit margin.

Other income

The other income decreased by approximately HK\$2,253,000 from approximately HK\$3,782,000 for the Corresponding Period to approximately HK\$1,529,000 for the Reporting Period.

The decrease was mainly due to the dropped in revenue derived from repairment works and selling materials and lower bank interest income due to a drop in bank interest rates for the Reporting Period.

Management Discussion and Analysis

Administrative expenses

Administrative expenses mainly comprised of staff costs, meals and entertainment expenses, depreciation expenses, transportation expenses and others. Administrative expenses increased from approximately HK\$11,938,000 for the Corresponding Period to approximately HK\$12,307,000 for the Reporting Period. The increase of administrative expenses of the Group was mainly due to the increase in the legal and professional fee.

Finance costs

Finance costs of approximately HK\$38,000 for the Reporting Period represented interest expenses on lease liabilities.

Income tax

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries in Hong Kong have either sustained losses for tax purpose or their unused tax losses were sufficient to cover their estimated assessable profits for the Reporting Period.

Total comprehensive expense attributable to equity shareholders of the Company

For the Reporting Period, the Group's loss and total comprehensive expense attributable to equity shareholders of the Company was approximately HK\$1,446,000 (Corresponding Period: approximately HK\$1,840,000).

Dividend

The Board does not recommend any interim dividend for the Reporting Period (Corresponding Period: nil).

The Board declared a special dividend of HK\$2.4 cents per ordinary shares to the shareholders of the Company at the meeting held on 25 July 2024.

Trade and other receivables

Trade receivables decreased by 41.6% from approximately HK\$27,226,000 as at 31 December 2024 to approximately HK\$15,890,000 as at 30 June 2025.

Retention receivables decreased by HK\$489,000 from approximately HK\$21,811,000 as at 31 December 2024 to approximately HK\$21,322,000 as at 30 June 2025. The decrease in retention receivables was the net effect of retention released and the progress of the projects.

Management Discussion and Analysis

Deposits, prepayment and other receivables decreased by HK\$861,000 from approximately HK\$1,791,000 as at 31 December 2024 to approximately HK\$930,000 as at 30 June 2025. The decrease was mainly due to the deposit payment of materials was recognised to the direct cost near the end of the Reporting Period.

Trade and other payables

Trade payables decreased by 4.1% from approximately HK\$4,261,000 as at 31 December 2024 to approximately HK\$4,088,000 as at 30 June 2025.

Accrued subcontracting costs decreased by HK\$1,653,000 from approximately HK\$6,607,000 as at 31 December 2024 to approximately HK\$4,954,000 as at 30 June 2025. The amount decreased mainly due to the decrease in the number of projects during the Reporting Period.

FUTURE PROSPECTS

Competition is expected to remain keen, with profit margin tightening due to rising labour cost, price of raw materials, operating cost, strong competition in the market and the global economy uncertainty. So the year promises to continue to be a challenging and volatile year for the Group. The Group will constantly show perseverance in its development and its ability to obtain new projects.

Despite the adverse construction environment and the overall uncertainties in the recent times, the Group will constantly show perseverance in its development and its ability to obtain new projects. As a result of the endure hard work by the management, three new projects of contract sum of approximately HK\$103 million was awarded to the Group during the Reporting Period. In addition, the Group will continue to enhance its budget management, upgrade its ability in plan execution and budget control in order to further improve its management standard and secure stable and sustainable development of the Group. In addition, we are constantly evaluating our team and fleet to ensure that we are optimizing our competitiveness, minimizing the direct cost and operating efficiently.

Looking forward, the Group will further enhance the service capabilities to capture business opportunities and provide customers with comprehensive HVAC E&M engineering services with a prudent financial management strategy, pursuing a long-term healthy business growth and stable return to the shareholders.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2025, the Group's working capital was financed by internal resources. The quick ratio of the Group, which is calculated based on the current assets less inventories divided by current liabilities was approximately 9.9 times (31 December 2024: approximately 8.7 times). The Group generally financed its daily operations from generated cash flows internally. The Group financed its business expansion and new business opportunities from the net proceeds. The remaining unused net proceeds as at 30 June 2025 were placed as interest bearing deposits with licensed bank in Hong Kong.

CAPITAL STRUCTURE

Details of the Company's share capital are set out in Note 15 to the unaudited consolidated financial statements in this report.

FINANCIAL POLICIES

The Group is exposed to liquidity risk in respect of settlement of its trade payables and financing obligations, and also in respect of its cash flow management. The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

GEARING RATIO

The Group's gearing ratio, which is calculated based on the total debt divided by total equity (defined as lease liabilities as at the respective period/year end divided by total equity as at the respective corresponding periods) was approximately 0.7% as at 30 June 2025 (As at 31 December 2024: approximately 0.7%).

The Group's debt to equity ratio, which is calculated based on the total debt (defined as the lease liabilities minus cash and cash equivalents as at the respective period/year end divided by total equity as at the respective corresponding periods) was not applicable due to the Group recorded net cash position as at 30 June 2025.

Management Discussion and Analysis

CAPITAL EXPENDITURE

During the six months ended 30 June 2025, the Group invested approximately HK\$680,000 (Corresponding Period: approximately HK\$1,239,000) in property, plant and equipment, mainly represented properties leased for own use and computer equipments.

CAPITAL COMMITMENTS

As at 30 June 2025, the Group had no significant capital commitments.

CONTINGENT LIABILITIES

As at 30 June 2025, contingent liabilities not provided for in the condensed consolidated financial statements are set out in Note 19 to the unaudited consolidated financial statements in this report.

SUBSEQUENT EVENT

There is no material subsequent event undertaken by the Company or by the Group after 30 June 2025 and up to the date of this report.

CHARGES ON THE GROUP'S ASSETS

No property, plant and equipment has been pledged as at 30 June 2025 and 2024.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the Reporting Period, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus of the Company dated 28 June 2018 (the “**Prospectus**”), the Group did not have other future plans for material investments or capital assets.

Management Discussion and Analysis

FOREIGN EXCHANGE RISK MANAGEMENT

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars. The Group is not significantly exposed to foreign currency risk arising from monetary assets and liabilities that are denominated in currencies other than the functional currencies of the respective group entities.

The Group currently does not have a foreign currency hedging policy as the foreign currency risk is considered to be insignificant. However, the management will continue to closely monitor the Group's foreign exchange risk exposure and will consider hedging significant foreign exchange exposure when necessary.

INFORMATION ON EMPLOYEES

As at 30 June 2025, the Group employed 61 employees (at 31 December 2024: 64 employees) with total staff cost (including Director's emoluments) of approximately HK\$11,587,000 incurred for the Reporting Period (Corresponding Period: approximately HK\$12,534,000). The Group's remuneration packages are generally structured with reference to market terms and individual merits.

DEED OF NON-COMPETITION

The controlling shareholders of the Company, namely Mr. Cheung Yuen Tung, Mr. Cheung Yuen Chau and Prime Pinnacle Limited (collectively, the **"Controlling Shareholders"**) entered into a deed of non-competition dated 8 June 2018 (**"Deed of Non-competition"**) in favour of the Company (for itself and as trustee for each of its subsidiaries). For details of the Deed of Non-competition, please refer to the section headed "Relationship with our Controlling Shareholders — Deed of Non-competition" in the Prospectus. Each of the Controlling Shareholders has confirmed that none of them is engaged in or interested in any business (other than the Group) which, directly or indirectly, competes or may compete with the business of the Group. The independent non-executive Directors have also reviewed the status of compliance and written confirmation from each of the Controlling Shareholders, and confirmed that all the undertakings under the Deed of Non-competition have been complied with by each of the Controlling Shareholders since 11 July 2018, the shares of the Company were successfully listed on the Stock Exchange, (the **"Listing Date"**) and up to the date of this report.

Management Discussion and Analysis

COMPETING INTEREST

Since the Listing Date and up to the date of this report, none of the Directors or the Controlling Shareholders of the Company or their close associates is interested in any business which competes or may compete, either directly or indirectly, with the business of the Group nor any conflicts of interest which has or may have with the Group.

USE OF PROCEEDS

The Company successfully listed on the Stock Exchange on 11 July 2018 and 250,000,000 ordinary shares were issued at HK\$0.52 per share by way of share offer (the “**Share Offer**”). Net proceeds from the Share Offer was approximately HK\$102.4 million (after deducting the underwriting fees and other related expenses).

The net proceeds will be used for the intended purposes as set out in the section headed “Future Plans and Use of Proceeds” of the Prospectus. Set out below is the actual utilisation of net proceeds up to the date of this report:

	Net proceeds <i>HK\$'000</i>	Utilised <i>HK\$'000</i>	Unutilised <i>HK\$'000</i>	Expected timeline
Procurement of HVAC systems	87,654	87,654	–	End of 2025
Taking out surety bonds	4,608	4,226	382	
General working capital	10,138	10,138	–	
	102,400	102,018	382	

Other Information

DISCLOSURE OF INTEREST

Directors' and chief executive's interests and short positions in Shares and underlying Shares and debentures of the Company and its associated corporations

As at 30 June 2025, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") (Cap.571 of the Laws of Hong Kong)) which were required to be: (i) 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 the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules, are set out below:

(i) Long positions in the Share

Name of Director	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Cheung Yuen Tung (" Tony Cheung ") (note)	Interest in controlled corporation	750,000,000	75%
Mr. Cheung Yuen Chau (" Gary Cheung ") (note)	Interest in controlled corporation	750,000,000	75%

Note: Prime Pinnacle Limited ("**Prime Pinnacle**") is beneficially owned as to 51% by Mr. Tony Cheung and 49% by Mr. Gary Cheung. On 12 March 2018, Mr. Tony Cheung and Mr. Gary Cheung entered into the concert party deed to acknowledge and confirm, among other things, that they are parties acting in concert and are deemed to be interested in the shares held by Prime Pinnacle.

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of share(s) held	Approximate percentage of shareholding
Mr. Tony Cheung (note)	Prime Pinnacle	Beneficial owner	51	51%
Mr. Gary Cheung (note)	Prime Pinnacle	Beneficial owner	49	49%

Note: Prime Pinnacle is the direct shareholder of the Company and is an associated corporation within the meaning of Part XV of the SFO.

Substantial shareholders' interests and short positions in shares and underlying shares of the Company

So far as is known to any Director or chief executive of the Company, as at 30 June 2025, the following persons (other than a Director or a chief executive of the Company) had, or were taken or deemed to have interests or short positions in the Shares or underlying shares of the Company which are required to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding
Prime Pinnacle (<i>note 1</i>)	Beneficial owner	750,000,000	75%
Ms. Chan Ho Fung (<i>note 2</i>)	Interest of spouse	750,000,000	75%
Ms. Cheng Phyllis Woon Kink (<i>note 3</i>)	Interest of spouse	750,000,000	75%

Notes:

- (1) Prime Pinnacle is beneficially owned as to 51% by Mr. Tony Cheung and 49% by Mr. Gary Cheung. On 12 March 2018, Mr. Tony Cheung and Mr. Gary Cheung entered into the concert party deed to acknowledge and confirm, among other things, that they are parties acting in concert and are deemed to be interested in the Shares held by Prime Pinnacle.
- (2) Ms. Chan Ho Fung is the spouse of Mr. Tony Cheung. Accordingly, Ms. Chan Ho Fung is deemed or taken to be interested in the shares in which Mr. Tony Cheung is interested under the SFO.
- (3) Ms. Cheng Phyllis Woon Kink is the spouse of Mr. Gary Cheung. Accordingly, Ms. Cheng Phyllis Woon Kink is deemed or taken to be interested in the shares in which Mr. Gary Cheung is interested under the SFO.

Save as disclosed above, the Company had not been notified by any other persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register kept by the Company pursuant to section 336 of the SFO as at 30 June 2025.

Other Information

SHARE OPTION SCHEME

Pursuant to a resolution passed by all the shareholders on 8 June 2018, the Company has conditionally adopted the share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives or rewards to the eligible participants for their contribution to the Group and enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The Board is entitled at any time and from time to time grant options pursuant to the Share Option Scheme to the Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company’s subsidiaries and employees of the Group and any other persons (including consultants or advisers) whom the Board considers have contributed or will contribute to the Group. The Directors were authorised to grant options to subscribe for shares of the Company and to allot, issue and deal with the shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not, in aggregate, exceed 10% of the total number of shares in issue immediately following completion of the Global Offering (as defined in the Prospectus dated 28 June 2018), being 1,000,000,000 shares, excluding any shares that may be issued under the options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company), unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time.

Unless otherwise approved by the shareholders of the Company in general meeting, the number of shares that may be granted to an eligible participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 1% of the shares in issue of the Company within any 12-month period. Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors. Unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules, the number of shares that may be granted to a substantial shareholder or any independent non-executive Director or their respective associates under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 0.1% of the shares in issue, having an aggregate value in excess of HK\$5 million, within any 12-month period.

The Board may, at its discretion, determine the minimum period for which the option has to be held before it can be exercised, and the period during which an option may be exercised. However, no options shall be exercised ten years after they have been granted. The subscription price of a share in respect of a particular option shall be not less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's on the daily quotation sheet on the date of the grant of the option, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of the grant of the option; and (iii) the nominal value of a share. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

From the date that the Share Option Scheme became effective and unconditional and up to the date of this interim report, no share options were granted under the Share Option Scheme.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Board has been adamant in upholding high standards of corporate governance to maximise the operational efficiency, corporate values and shareholder returns. The Company adopted sound governance and disclosure practices and continued to upgrade internal control system, strengthen risk control management and reinforce the corporate governance structure.

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), for the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS ("MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all Directors, they confirmed that they had complied with the required standard set out in the Model Code throughout the Reporting Period.

Other Information

AUDIT COMMITTEE

The Audit Committee of the Company is responsible for assisting the Board in safeguarding the Group's assets by providing an independent review of the effectiveness of the financial reporting process and the internal controls and risk management systems of the Group. It also performs other duties as assigned by the Board.

The Audit Committee has discussed with the management of the Group and reviewed the unaudited interim financial results of the Group for the Reporting Period, including the accounting principles and standards adopted by the Group, and discussed financial related matters. The interim financial report for the Reporting Period is unaudited but has been reviewed by the Audit Committee of the Company.

By order of the Board
Man Shun Group (Holdings) Limited
Cheung Yuen Tung
Chairman and Executive Director

Hong Kong, 27 August 2025