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)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2018

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

This announcement, for which the directors of Man Shing Global Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange for the purpose of giving information with regard to Man Shing Global Holdings Limited. The directors of Man Shing Global Holdings Limited, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The board (the "Board") of directors (the "Directors") of Man Shing Global Holdings Limited (the "Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 March 2018 (the "Year" or "Reporting Period") together with the comparative figures for corresponding year ended 31 March 2017 (the "Previous Year").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**2018**	2017
		HK$'000	*HK$'000*
Revenue	3	**423,494**	463,795
Cost of sales		**(396,692)**	(419,615)
Gross profit		**26,802**	44,180
Other income	4	**2,606**	128
Administrative expenses		**(36,300)**	(35,139)
Finance costs	5	**(2,721)**	(3,121)
(Loss) profit before tax		**(9,613)**	6,048
Income tax expenses	7	**(411)**	(3,266)
(Loss) profit and other comprehensive (expense) income for the year attributable to owners of the Company	6	**(10,024)**	2,782
(Loss) earnings per share (HK cents)			
Basic and diluted	9	**(1.68)**	0.66

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current asset			
Plant and equipment		**12,645**	18,011
Current assets			
Trade receivables	10	**49,548**	55,456
Prepayments, deposits and other receivables		**4,803**	12,792
Tax recoverable		**3,536**	–
Pledged bank deposits		**30,643**	25,420
Bank balances and cash		**28,640**	17,059
		117,170	110,727
Current liabilities			
Trade payables	11	**9,407**	12,007
Accruals and other payables		**25,163**	43,048
Tax payables		**17**	721
Obligations under finance leases		**3,563**	6,157
Bank borrowings	12	**25,306**	24,753
		63,456	86,686
Net current assets		**53,714**	24,041
Total assets less current liabilities		**66,359**	42,052
Capital and reserves			
Share capital		**6,000**	380
Reserves		**50,916**	27,697
		56,916	28,077
Non-current liabilities			
Obligations under finance leases		**6,493**	8,711
Long service payments obligations		**2,815**	4,384
Deferred tax liabilities		**135**	880
		9,443	13,975
		66,359	42,052

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL

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

Its ultimate controlling parties during the year are Mr. Wong Man Sing, Mr. Wong Chong Shing and Mr. Wong Chi Ho. The addresses of the registered office and the principal place of business 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 resolutions 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 service, sewage management and pest control and fumigation service.

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

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

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKAS(s)"), amendments and Interpretations ("Int(s)"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Except for described below, application of the above new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 "Disclosure Initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

Reconciliation between the opening and closing balances of these items is provided in the consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in the consolidated financial statements, the application of these amendments has had no impact on the Group's consolidated financial statements.

New and revised HKFRSs in issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRSs	Annual improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKAS 9	Prepayment Features with Negative Compensation[3]
Amendments to HKAS 19	Employee benefits[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 15	Clarification to HKFRS 15[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[3]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Interpretation 23	Uncertainty over Income tax treatments[3]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective date not yet been determined
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after 1 January 2021

3. 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:

	2018	2017
	HK$'000	*HK$'000*
Street cleaning solutions	**285,170**	320,041
Building cleaning solutions	**105,960**	103,680
Bus and ferry cleaning solutions	**24,757**	31,969
Other cleaning services	**7,607**	8,105
	423,494	463,795

Segment revenues, results, assets and liabilities

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

The Group currently operates in one operating and reportable segment which is the provision of cleaning services. A single management team reports to the directors of the Group (being the chief operating decision-maker) who allocates resources and assesses performance based on the consolidated result of the single business engaged in the provision of cleaning services for the years ended 31 March 2018 and 2017 comprehensively. Accordingly, the Group does not present separately segment information.

Geographical information

The Group is organised into a single operating segment in Hong Kong and all revenue, expenses, results, assets and liabilities and capital expenditures are predominantly attributable to this single segment, no geographical information is presented.

Information about major customer

Revenue from customer of the corresponding year contributing over 10% of the total sales of the Group is as follows:

	2018	2017
	HK$'000	*HK$'000*
Customer A	**285,170**	320,041

4. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**75**	12
Gain on disposal of plant and equipment	**2,492**	–
Sundry income	**39**	116
	2,606	128

5. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on:		
Bank borrowings	**2,095**	2,226
Obligations under finance leases	**626**	895
	2,721	3,121

6. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging:

	2018	2017
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration)		
Wages, salaries and other benefits	**341,205**	353,493
Retirement benefits scheme contributions	**10,832**	12,053
Provision for long service payments	**1,347**	1,505
Redundancy costs	**2,794**	–
Total staff costs	**356,178**	367,051
Auditors' remuneration	**700**	700
Listing expenses	**7,509**	12,700
Depreciation of plant and equipment:		
– owned by the Group	**687**	1,698
– held under finance leases obligation	**7,030**	6,877
Minimum lease payments under operating leases in respect of offices	**334**	313

7. INCOME TAX EXPENSES

	2018	2017
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**1,156**	3,523
Deferred tax	**(745)**	(257)
	411	3,266

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

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year (2017: 16.5%).

8. DIVIDENDS

Special dividends of approximately HK$13,000,000 has been declared in respect of the year ended 31 March 2016 to the shareholders, and was paid in December 2016 and January 2017 respectively.

No dividend was paid or proposed by the Group for the years ended 31 March 2018 and 2017, or has any dividend been proposed since the end of the reporting period.

9. (LOSS) EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**(10,024)**	2,782

	Number of shares	
	2018	2017
	'000	*'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation *(note)*	**595,068**	421,151

Note: The weighted average number of ordinary shares in issue used in the basic earnings per share calculation is determined on the assumption that reorganisation and capitalisation issue as described in the prospectus of the Company dated 30 March 2017 had been effective on 1 April 2016.

The dilutive (loss) earnings per share is equal to the basic (loss) earnings per share as there are no dilutive potential ordinary shares outstanding during the years ended 31 March 2018 and 2017.

10. TRADE RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**49,548**	55,456

The Group does not hold any collateral over its trade receivables. No impairment of trade receivables had been recognised during the years ended 31 March 2018 and 2017.

The Group allows a credit period of 0 to 60 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date, which approximated the respective revenue recognition dates, at the end of the Reporting Period.

	2018	2017
	HK$'000	*HK$'000*
0 to 60 days	**45,960**	51,759
61 to 90 days	**835**	1,182
Over 91 days	**2,753**	2,515
	49,548	55,456

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and aged analysis of the trade receivables which requires the use of judgment and estimates. Provisions would apply to the trade receivables when there are events or changes in circumstances which indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by our management on the collectability of overdue balances.

The following is an aged analysis of trade receivables presented based on the due date at the end of the Reporting Period:

	2018	2017
	HK$'000	*HK$'000*
Current	**45,960**	51,759
1 to 90 days	**2,520**	2,922
91 to 180 days	**1,068**	775
	49,548	55,456

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately HK$3,588,000 (2017: HK$3,697,000) as at 31 March 2018 which were past due at the end of the Reporting Period for which the Group has not provided for impairment loss. Trade receivables that were past due but not impaired related to a number of independent customers with no recent history of default.

As at 31 March 2018, the Group pledged trade receivables of approximately HK$25,245,000 (2017: HK$22,891,000) to secure bank borrowings.

11. TRADE PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**9,407**	12,007

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

	2018	2017
	HK$'000	*HK$'000*
0 to 60 days	**7,558**	5,237
61 to 90 days	**105**	3,849
Over 91 days	**1,744**	2,921
	9,407	12,007

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.

12. BANK BORROWINGS

	2018	2017
	HK$'000	*HK$'000*
Bank borrowings – secured	**25,306**	24,753
Carrying amount repayable*		
Within one year	**25,306**	24,753

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

(a) The bank borrowings were denominated in HK$ for the years ended 31 March 2018 and 2017.

(b) At 31 March 2018, secured bank borrowings carried interest at floating rates ranging from 1.95% to 7.00%; (2017: 3.49% to 7.00%) per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

With more than 30 years of experience in environmental cleaning solution industry in Hong Kong, we have steadily grown our business since our inception and now our wide range of services extend to cover all 18 districts throughout Hong Kong. Our comprehensive portfolio of environmental cleaning solutions are mainly divided into (i) street cleaning solutions which comprise street and public area cleaning, refuse collection point cleaning and pest control; (ii) building cleaning solution which comprise general building cleaning, refuse collection and waste disposal, toilet cleaning and janitorial services; (iii) bus and ferry cleaning solutions which comprise general depot and pier cleaning, vehicle and vessel cleaning, refuse collection and waste disposal, and toilet cleaning; and (iv) other cleaning services which include various one-off cleaning services such as external wall and window cleaning, confined space cleaning, as well as pest control and fumigation.

After an incredible growth in the year pursuing public listing in Hong Kong, our business faced an unexpected botch. In the past few months, despite our attempts to renew some core contracts, we have been overcast by competitors and failed to do so due to their cut throat pricing for street cleaning contracts. Our revenue slid lower as compared to the same period last year which were mainly caused by the expiration of five contracts with a total contract sum of approximately HK$324,564,000 not being renewed including four street cleaning contracts and two waste disposal management contract with government departments. As a consequence, our gross profit margins reported of approximately HK$26,802,000, representing a 39.3% decrease from last year's figure. As a result our annual result this year sends a discouraging signal to our shareholders. However, our management will likely take 3 to 6 months to rectify this situation and will turn it around by implementing new cost control policies.

We maintain a strong relationship with our customers in the private sector. On a yearly basis, all our businesses in the private sector saw improvements, ranging from a moderate increase of 2.2% to 3%. Overall, there were far fewer instances of service terminations in the private sector business and more new projects such as bus cleaning service have been started when compared to the past year.

As at 31 March 2018, we only had six contracts on hand for street cleaning contracts in gross amount of approximately HK$462,134,000. In order to provide a beacon for stability, our management will consider developing new products and ideas.

OUTLOOK

The environment has definitely widened opportunities with higher business risks ahead which will soon favorably impact our bottom line. There is little doubt in our minds that better days are ahead. There are some good reasons for our optimism.

Internally we have outlined a plan to cut costs and boost profit margins back to a reasonable level. We will undergo a profound refocus of our operations and may even consider not pursuing unprofitable business. We will make necessary restructures. We have to improve our operational efficiency so as to improve our profit margins. Definitely we are driven to turn the business around by looking at every single part of our business.

Of less concern to us than policy blunders is the discussion in the market about the suggestion of disallowing employers to offset long service payments or severance payments paid to employees with the relevant Mandatory Provident Fund (the "MPF") accrued benefits derived from employers' contributions. In the past few years, we have foreseen that relevant policies may be adopted, and that we believe that our operational costs will soon be affected significantly.

While sticking to our time-proven strategy, we will also explore new business opportunities. A more immediate challenge to the Company is the high labor shortage in this market. To be clear, much efforts has been spent to develop manpower utilization and waste management aiming to provide a steady workforce to the Group and help clients to destroy various kinds of materials including but not limited to papers and glasses, etc.

Undoubtedly, we shall secure 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 new projects from government departments of Hong Kong, which generally require cleaning services providers with substantial resources and experiences such as our Group.

FINANCIAL REVIEW

Revenue

During the Reporting Period, all of our Group's revenue was generated from the provision of environmental cleaning solutions which amounted to approximately HK$423,494,000 (2017: approximately HK$463,795,000), representing a decrease of approximately HK$40,301,000 or 8.7% when compare to the year ended 31 March 2017. Such decrease was mainly attributable to the expiration of 4 street cleaning projects with a contract sum of approximately HK$274,887,000 which represents approximately 42.9% of the total street cleaning revenue of our Group in last year.

Gross profit and gross profit margin

Our Group's gross profit decreased by approximately HK$17,378,000 or 39.3% from approximately HK$44,180,000 for the year ended 31 March 2017 to approximately HK$26,802,000 for the Reporting Period. Our Group's gross profit margin decreased from 9.5% for the year ended 31 March 2017 to 6.3% for the Reporting Period, representing a decrease of approximately 33.7%. Such decrease was mainly attributable to the significant labour costs incurred for contracts completed during the Reporting Period. This large expenditure relates to payment of service payment to workers after offsetting the MPF contribution from us and accumulated holiday compensation payments to workers of approximately HK$4,796,000 when our contract has ended, which amounts to approximately HK$10,506,000.

Other income

Other income of our Group increased by approximately HK$2,478,000 from approximately HK$128,000 for the year ended 31 March 2017 to approximately HK$2,606,000 for the Reporting Period. The increase was mainly attributable to the non-recurring gain on disposal of a few specialised vehicles in the year ended 31 March 2018 as compared to lesser amount of gain from the disposal of plant and machinery for the year ended 31 March 2017.

Administrative expenses

Administrative expenses of our Group increased by approximately HK$1,161,000 from approximately HK$35,139,000 for the year ended 31 March 2017 to approximately HK$36,300,000 for the Reporting Period. Administrative expenses consist primarily of staff costs and Directors' remuneration, insurance expense related to fees for our insurance policies and insurance expenses for our business operation, depreciation, maintenance, office supplies and transportation expense, legal and professional fee, Listing expenses, and other administrative expenses. Because of the non-recurring listing expenditure as compared to last year's figure of approximately HK$12,700,000, an approximate amount of HK$7,509,000 was booked into ledger. The benefit of the reduced expenses was overcast by a corresponding upsurge of additional administrative items that have been incurred for the full year services engagement of compliance adviser, legal consultant, Risk and Internal Control management consultant, annual general meeting advisor, offshore legal compliance and other non-audited services. These were all catalogued as legal and professional fee, adding up to an amount of approximately HK$2,161,000 this year as compared to HK$113,000 in last year. On top of these, our Group has paid a final settlement sum of approximately HK$306,100 in compensation of fatal accidents even after offsetting insurance coverage benefit.

Finance costs

Finance costs for our Group decreased by approximately HK$400,000 or 12.8% from approximately HK$3,121,000 for the year ended 31 March 2017 to approximately HK$2,721,000 for the Reporting Period. The decrease was mainly attributable to a reduction of interests payable on bank borrowings when there was an improvement in collection of trade receivables after service and early repayment of bank borrowings.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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.

We finance our operation principally through cash generated from operating activities as well as bank borrowings and overdrafts. Cash and bank balances are denominated in Hong Kong dollar. The current ratio of our Group as at 31 March 2018 was 1.85 times as compared to that of 1.28 times as at 31 March 2017. The current ratio has improved during the Reporting Period. The increase was mainly due to (i) an overall improvement of our cashflow management resulting in an increase of bank balance and cash position; and (ii) an increased collection effort resulting in a reduction in the amount of overdue account receivable. This is a reflection of the health of the liquidity of our Group and also indicates that we are capable of paying our vendors and creditors on time and are able to maintain a restrictive credit policy.

The total interest bearing debts of our Group, including bank borrowings and finance lease liabilities, decreased from approximately HK$39,621,000 as at 31 March 2017 to HK$35,362,000 as at 31 March 2018 approximately. All borrowings were denominated in Hong Kong dollar and were repayable within 5 years. Our Group did not carry out any hedging for its floating borrowings.

As at 31 March 2018, our Group had bank borrowings amounted to approximately HK$25,306,000 (2017: HK$24,753,000). As at 31 March 2018, the general banking facilities were secured by the pledge of deposit acceptable to relevant banks. A charge over asset shall be executed by the borrower or its related parties in favour of the bank. Banks shall hold a corporate guarantee to be executed by the Company for the total outstanding amount under relevant facilities.

We entered into finance lease agreements for certain vehicles. The average lease terms were five years during the Reporting Period. The effective interest rate for the obligations under finance leases for the year ended 31 March 2018 were under fixed rates and ranged from 1.80% to 3.75% per annum.

As at 31 March 2018, the finance lease liabilities amounted to approximately HK$10,056,000 (2017: approximately HK$14,868,000), were secured by the lessor's charge over the leased assets and pledged by equity interest of certain subsidiaries. If some leases required personal guarantees given by two of the Controlling Shareholders, such guarantees have been released upon listing on 13 April 2017.

The gearing ratio, calculated based on all interest-bearing borrowings for our general business operation divided by total equity at the end of the year and multiplied by 100%, was approximately 44.5% as at 31 March 2018 (2017: approximately 88.2%). The decrease in our gearing ratio was primarily due to (i) the aggregate increase of share capital of approximately HK$5,620,000; and (ii) an increase of share premium of approximately HK$33,243,000 after deducting the relevant cost for capitalisation of new shares issued under the listing. The above factors boosted the total equity of the Company in the Reporting Period and eventually significantly lowered our gearing ratio. With available bank balances and cash and bank credit facilities, we have sufficient liquidity to satisfy our funding requirements.

CAPITAL STRUCTURE

As at 31 March 2018, the share capital and total equity attributable to equity holders of the Company amounted to approximately HK$6,000,000 and HK$56,916,000 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 2018, the amounts of pledged deposit to banks as security for banking facilities was HK$30,643,000 (2017: approximately HK$25,420,000).

During the year ended 31 March 2018, the Group may from time to time be involved in litigation concerning personal injuries by its employees or third party claimants. In the opinion of the directors of the Company, no material potential liabilities arising from legal proceedings are accounted for in the consolidated financial statements as they are adequately covered by insurance protection.

Two traffic accidents occurred in January 2016 and February 2016 had exposed two subsidiaries of the Company to personal injuries claims. As at the date of this announcement, there are two legal proceedings initiated against the two subsidiaries. Based on the legal advice obtained, the directors of the Company considered that the aggregate exposure to the potential damages are expected to be approximately HK$4.63 million and assuming that the third party insurance policies are in order, such damages are expected to be adequately covered by relevant third party insurance policies.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSALS

On 18 January 2018, the Company through its indirect wholly-owned subsidiary, Matrix International Investments Limited ("Matrix"), entered into a non-legally binding memorandum of understanding (the "MOU") with Mr. Tse Chung Kin Dikki-arrow ("Mr. Tse") and Kin Sang (Industrial) Services Company Limited ("Kin Sang"). Pursuant to the MOU, Matrix proposed to acquire certain shares in Kin Sang from Mr. Tse, the sole shareholder and sole director of Kin Sang. However, the MOU was subsequently terminated by a termination agreement entered into between Matrix, Mr. Tse and Kin Sang on 6 April 2018.

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 dollar. 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 borrowings and finance lease liabilities amounted to approximately HK$35,362,000 (2017: HK$39,621,000) as at 31 March 2018. As at 31 March 2018, our Group had general banking facilities amounted to HK$126,497,000 (2017: HK$103,338,000).

As at 31 March 2018, our Group had secured bank borrowing with outstanding balance of approximately HK$25,306,000 (2017: approximately HK$24,753,000) and utilised performance bond of approximately HK$39,607,000 (2017: approximately HK$42,042,000). As at 31 March 2018, the general banking facilities were secured by (i) corporate guarantee to be executed by the Company, and (ii) certain cash deposits of subsidiaries and certain cash deposit and properties of the Directors and certain trade receivable of a subsidiary.

Regarding the pledge of two properties owned by one of the Controlling Shareholders and two other properties owned by a company which is wholly owned by two Controlling Shareholders and their unlimited personal guarantees, such pledge of the said properties owned by the two Controlling Shareholders and the unlimited personal guarantees given by the two Controlling Shareholders were released and replaced by corporate guarantee given by the Company as at the latest practicable date of this announcement.

As at 31 March 2018, the finance lease liabilities amounted to approximately HK$10,056,000 (2017: approximately HK$14,868,000), were secured by the personal guarantees given by one of the Controlling Shareholders, and such guarantees have been released upon listing on 13 April 2017.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, our Group had approximately 2,980 employees (2017: 3,893 employees). The total staff costs incurred, including Directors' emoluments, of our Group were approximately HK$356,178,000 for the Reporting Period (2017: approximately HK$367,051,000).

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

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

Furthermore, we offer other staff benefits like provision of retirement benefits, various types of trainings and sponsorship of training courses. We have also adopted an annual review system to assess the performance of our staff, which forms the basis of our decisions with respect to salary increment and promotions.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the Reporting Period (2017: NIL).

No special dividends has been declared in respect of the year ended 31 March 2018 to the shareholders.

EVENTS AFTER THE REPORTING PERIOD

As aforementioned, Matrix, Mr. Tse and Kin Sang entered into a termination agreement on 6 April 2018 to terminate the MOU. Saved as disclosed herein, there is no significant event arising after the Reporting Period.

COMPARISON OF BUSINESS OBJECTIVES AND ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives set out in the Prospectus dated 30 March 2017 (the "Prospectus") with our Group's actual business progress for the year ended 31 March 2018 are set out below:

Business objectives up to 31 March 2018	Actual business progress up to 31 March 2018
1. Purchase of specialised vehicles	The Group has used approximately HK$782,000 for purchasing one 16-ton tipper truck but temporarily withheld the purchase of new specialised vehicles for new projects which did not turn out as planned.
– One suction sweeper – Four 16-ton water wagons – Two 16-ton grab lorries	The Group will continue monitoring the effectiveness and efficiency of all specialised vehicles in use and consider to purchase the remaining specialised vehicles in pursuance of the revolving cycle to meet the needs of existing projects on hand or newly awarded projects in the near future.
– One 30-ton hook-lift truck	Purchase one unit totalling HK$1,344,220.
2. Sales and marketing activities to promote brand awareness	
– Recruitment of one senior marketing officer and one assistant marketing officer	The Group recruited one assistant marketing officer with staff cost of approximately HK$48,000.
– Printing of company brochures and leaflets, advertising in newspapers and magazines, and bolstering company website	Hitherto we are making headway to bolster the company website, and we expect to see a very informative website with stark improvement of the overall quality of website, including corporate mission and business strategies for the coming future through engaging a professional designer firm to design the website.

Business objectives up to 31 March 2018	Actual business progress up to 31 March 2018
3. Purchase of automated cleaning machinery and equipment	The Group has purchased equipment during the period as follows:
– Twenty three hot water pressure washers	Purchased two units totalling HK$19,400
– Fifteen cold water pressure washers	Purchased four units totalling HK$31,600
– Forty pest control machines	Purchased two units totalling HK$2,020
– Thirty five water suction cleaners	Purchased eighteen units totalling HK$73,320
– Sixteen power generators	No purchase has yet been made
– One marble floor refinishing machine	Purchased two units totalling HK$50,700
– One automated floor cleaning machine	Purchased four units totalling HK$58,250
– Ten vacuum cleaners	Purchased forty-seven units totalling HK$26,650
– Five lawn mowers	No purchase has yet been made
– Two air blowers	No purchase has yet been made

The demand for automated cleaning machinery and equipment was lower than expected due to the expiration of certain street service cleaning contracts during the Reporting Period. As a result, the actual quatity of the cleaning machinery and equipment purchased by the Company up to 31 March 2018 was less than the expected quantity set out in the Prospectus over the same period.

USE OF PROCEEDS OBTAINED FROM THE LISTING

Our Group intends to apply the net proceeds to (i) purchase of new specialized vehicles; (ii) the repayment of loan; (iii) the strengthening of our sales and marketing activities; (iv) the purchase of new automated cleaning machinery and equipment; and (v) use as our Group's general working capital and other general corporate purposes. During the year ended 31 March 2018 and up to the date of this announcement, (i) approximately HK$2,126,000 had been used to purchase new specialised vehicles; (ii) approximately HK$4,900,000 had been used for the early repayment of bank loans; (iii) approximately HK$176,000 had been used to strengthen our sales and marketing activities; (iv) approximately HK$260,000 had been used for the purchase of new automated cleaning machinery and equipment; and (v) approximately HK$1,200,000 had been used for general working capital and general expenses.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities after the Reporting Period and up to the date of this announcement.

COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders or the Directors and their respective close associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by our Group which competes or is likely to compete, directly or indirectly, with our Group's business during the Reporting Period and up to the date of this announcement.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, our Group has appointed Changjiang Corporate Finance (HK) Limited as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls. Save for the revised compliance adviser agreement entered into between the Company and Changjiang Corporate Finance (HK) Limited dated 13 April 2018, neither Changjiang Corporate Finance (HK) Limited nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to our Group pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

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

The committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of our Group, and as to the adequacy of the external and internal audits.

The audit committee has reviewed this announcement and the audited consolidated financial statements of the Group for the Reporting Period and is of the view that such statement complied with the applicable legal requirements and that adequate disclosures have been made.

PUBLICATION OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.manshing.com.hk). The annual report for the Reporting Period containing all the information required by the GEM Listing Rules will be published on the website of the Company and the Stock Exchange and will be despatched to the Company's shareholders in due course.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting ("AGM") of the Company will be held on Tuesday, 7 August 2018 at Basement 2, Unicorn & Phoenix Room, The Charterhouse, Causeway Bay, 209–219 Wanchai Road, Hong Kong. For the purpose of determining entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 2 August 2018 to Tuesday, 7 August 2018, both days inclusive, during which period no transfer of the shares of the Company (the "Shares") will be registered. In order to qualify for attending and voting at the 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 1 August 2018.

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

Hong Kong, 26 June 2018

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

This announcement will be published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.manshing.com.hk.