



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

By Way of Share Offer

Sole Sponsor



長江證券融資(香港)有限公司  
CHANGJIANG CORPORATE FINANCE (HK) LIMITED

Sole Global Coordinator



長江證券經紀(香港)有限公司  
CHANGJIANG SECURITIES BROKERAGE (HK) LIMITED

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# IMPORTANT

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If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



## Man Shing Global Holdings Limited 萬成環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)

### LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF SHARE OFFER

Number of Offer Shares	: 150,000,000 Shares (subject to Offer Size Adjustment Option)
Number of Public Offer Shares	: 15,000,000 Shares (subject to reallocation)
Number of Placing Shares	: 135,000,000 Shares (subject to reallocation and Offer Size Adjustment Option)
Offer Price	: Not more than HK\$0.32 per Offer Share and expected to be not less than HK\$0.28 per Offer Share, plus brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: HK\$0.01 per Share
Stock code	: 8309

#### Sole Sponsor



長江證券融資(香港)有限公司  
CHANGJIANG CORPORATE FINANCE (HK) LIMITED

#### Sole Global Coordinator



長江證券經紀(香港)有限公司  
CHANGJIANG SECURITIES BROKERAGE (HK) LIMITED

#### Joint Bookrunners and Joint Lead Managers



長江證券(香港)  
CHANGJIANG SECURITIES (HK)



雅利多證券  
ARISTO SECURITIES LIMITED



富強證券有限公司  
FORTUNE (HK) SECURITIES LIMITED  
香港交易所執業證券公司成員  
Member of the Exchange's Financial Services Group



#### Joint Lead Manager

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to Registrar of Companies in Hong Kong and Available for Inspection" in Appendix V to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Thursday, 6 April 2017. The Offer Price will not be more than HK\$0.32 per Offer Share and is currently expected to be not less than HK\$0.28 per Offer Share. If, for any reason, the Offer Price is not agreed on or before Thursday, 6 April 2017, the Share Offer will not proceed and will lapse. In case of such event, a notice will be published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.manshing.com.hk](http://www.manshing.com.hk).

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range below that stated in this prospectus at any time on or prior to the Price Determination Date. In case of such reduction, a notice will be published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.manshing.com.hk](http://www.manshing.com.hk) as soon as is practicable but in any event not later than the Price Determination Date. Further details are set out in the section headed "Structure and Conditions of the Share Offer" of this prospectus.

Prospective investors of the Offer Shares should note that the Sole Global Coordinator (for itself and on behalf of the Underwriters and the Sole Sponsor) shall have the absolute right, upon giving notice in writing to our Company, to terminate the Underwriting Agreements with immediate effect if any of the events set out in the section headed "Underwriting – The Public Offer Underwriting Agreement – Grounds for Termination" in this prospectus occurs at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Sole Global Coordinator (for itself and on behalf of the Underwriters and the Sole Sponsor) terminate the Underwriting Agreements in accordance with their terms, the Share Offer will not proceed and will lapse. Further details of these termination provisions are set out in the section headed "Underwriting" in this prospectus.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, including, without limitation, the risk factors set out in the section headed "Risk Factors" in this prospectus.

30 March 2017

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## CHARACTERISTICS OF GEM

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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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) in order to obtain up-to-date information on GEM listed issuers.

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## EXPECTED TIMETABLE

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**2017**

*(Note 1)*

Public Offer commences and **WHITE** and **YELLOW**

Application Forms available from . . . . . 9:00 a.m. on Thursday, 30 March

Application lists for Public Offer open (*Note 2*) . . . . . 11:45 a.m. on Wednesday, 5 April

Latest time for lodging **WHITE** and **YELLOW**

Application Forms . . . . . 12:00 noon on Wednesday, 5 April

Application lists for Public Offer close (*Note 2*) . . . . . 12:00 noon on Wednesday, 5 April

Expected Price Determination Date on or before (*Note 3*) . . . . . Thursday, 6 April

Announcement of the final Offer Price, the level of indication of interest in the Placing, the level of applications of the Public Offer, the basis of allotment and the results of applications in the Public Offer to be published in our Company's website

at [www.manshing.com.hk](http://www.manshing.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) on or before . . . . . Wednesday, 12 April

Announcement of results of allocations in the Public Offer

(with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including our Company's website at [www.manshing.com.hk](http://www.manshing.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) (for further details, please refer to the section headed "How to Apply for Public Offer Shares – 8. Publication of Results" of this prospectus) on or before . . . . . Wednesday, 12 April

Results of allocations in the Public Offer will be available at

[www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a "search by ID" function on . . . Wednesday, 12 April

Despatch/collection of refund cheques in respect of wholly or partially unsuccessful applications and wholly or partially successful applications in case the final Offer Price is less than the maximum Offer Price paid for the applications pursuant to the Public Offer

on or before (*Notes 5 to 8*) . . . . . Wednesday, 12 April

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## EXPECTED TIMETABLE

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Despatch/collection of Share certificates in respect of  
wholly or partially successful applications pursuant to  
the Public Offer on or before (*Notes 4 to 7 and 9*) . . . . . Wednesday, 12 April

Dealings in Shares on GEM expected to  
commence at 9:00 a.m. on . . . . . Thursday, 13 April

*Notes:*

1. All times and dates refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and Conditions of the Share Offer” of this prospectus.
2. If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 5 April 2017, the application lists will not open on that day. For further details, please refer to the section headed “How to Apply for Public Offer Shares – 7. Effect of Bad Weather on the Opening of the Application Lists” of this prospectus.
3. The Price Determination Date is expected to be on or before Thursday, 6 April 2017. If, for any reason, the Offer Price is not agreed on or before Thursday, 6 April 2017 between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Share Offer will not proceed and will lapse accordingly.
4. Share certificates for the Public Offer Shares are expected to be issued on or before Wednesday, 12 April 2017 but will only become valid certificates of title at 8:00 a.m. on Thursday, 13 April 2017 provided that (a) the Share Offer has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.
5. Applicants for 1,000,000 Public Offer Shares or more on **WHITE** Application Form(s) may collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally from our Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 12 April 2017 or any other day as announced by us as the date of despatch of Share certificates/refund cheques.

Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which opt for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation’s chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.

6. Applicants for 1,000,000 Public Offer Shares or more on **YELLOW** Application Forms may collect their refund cheques, if any, in person but may not collect their Share certificates personally which will be deposited into CCASS for the credit of their designated CCASS Participants’ stock accounts or CCASS Investor Participants’ stock accounts, as appropriated. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.
7. Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant’s own risk to the address specified in the relevant Application Form. For further information, applicants should refer to the section headed “How to Apply for Public Offer Shares – 11. Despatch/Collection of Share Certificates and Refund Monies” of this prospectus.
8. Refund cheques will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK\$0.32 per Offer Share.
9. Share certificates will only become valid certificates of title provided that the Share Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of their Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

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### IMPORTANT NOTICE TO INVESTORS

*This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or invitation in any other jurisdiction or in any other circumstance.*

*You should rely on the information contained in this prospectus to make your investment decision. We, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorised by us, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of our or their respective directors or any other persons or parties involved in the Share Offer.*

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## SUMMARY

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*This summary aims to give you an overview of the information contained in this prospectus and should be read in conjunction with the full text of this prospectus. As this is only a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.*

*There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors.” You should read that section carefully before you decide to invest in the Offer Shares. Various expressions used in this section are defined or explained in “Definitions” and “Glossary of Technical Terms” in this prospectus.*

### OVERVIEW

We are a provider of environmental cleaning solutions in Hong Kong. According to the F&S Report, we ranked tenth in the environmental cleaning services industry in Hong Kong with a market share of 3.2% in terms of revenue for the twelve months ended 31 December 2015, while the largest environmental cleaning services provider in Hong Kong over the same period, which is a public company headquartered in Denmark and listed on the Copenhagen Stock Exchange, had a market share of 12.6%. Moreover, we accounted for 19.8%, 1.5% and 86.3% of the market share in the street cleaning segment, building cleaning segment and bus and ferry cleaning segment, respectively, in terms of revenue for the same period. With more than 29 years of experience in the industry, we have steadily grown our business since our inception in 1987 to offer a wide range of services and extended the coverage of our operations to all 18 districts throughout Hong Kong.

Our broad service offerings are supported by our sizeable resources. As at the Latest Practicable Date, we had a stable labour force of more than 4,000 employees, including a number of licenced technicians that hold licences and certificates to perform specialised cleaning services. We own and operate our own fleet of 77 specialised vehicles as at the Latest Practicable Date, allowing us to carry out a broad scope of environmental cleaning and waste management services. We believe that our readily available resources enhance our project execution capabilities, allow us to provide customers with cost-efficient cleaning solutions, and strengthen our ability to offer timely, reliable and flexible services.

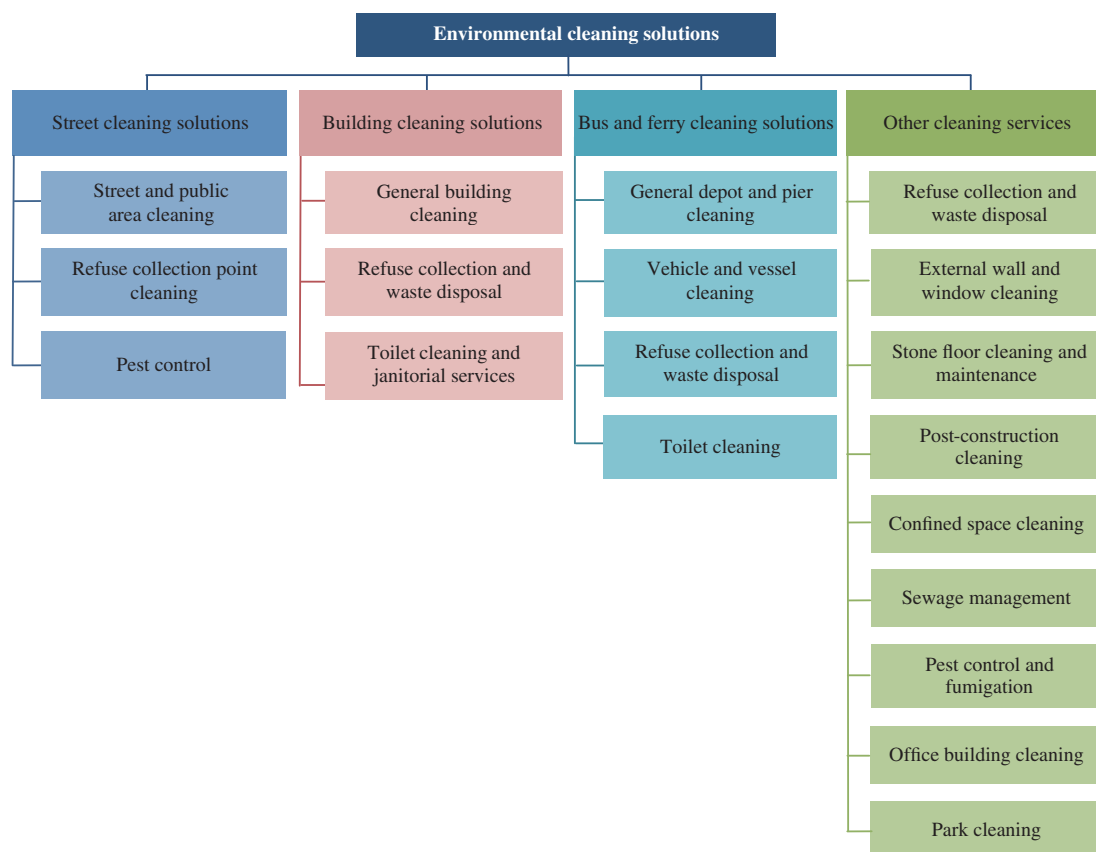
We believe that our customers recognise us for our commitment to service quality and our industry experience. Our customer-oriented service model has enabled us to establish longstanding customer relationships, some of which have continued for more than ten years as at the Latest Practicable Date. Our adherence to high standards, dedication to understanding the needs of our customers and ability to respond quickly to their requests have fostered the ongoing trust and confidence that our customers have in our service delivery. We believe that we have been able to build on our track record for service excellence to secure contracts from a number of repeat customers for our cleaning solutions and establish a stable customer base.



## SUMMARY

### *Our Services*

We offer a portfolio of environmental cleaning solutions to our customers, which include cleaning solutions and other value-added cleaning services on a standalone basis or to complement our cleaning solutions. We divide our environmental cleaning solutions into the following four principal service categories: (i) street cleaning solutions; (ii) building cleaning solutions; (iii) bus and ferry cleaning solutions; and (iv) other cleaning services. The following diagram sets forth a breakdown of our environmental cleaning solutions by principal service category:



The following table sets forth a breakdown of our revenue by principal service category for the periods indicated:

	Year ended 31 March				Six months ended 30 September			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	<i>(unaudited)</i>							
Street cleaning solutions . . . . .	164,313	52.0	207,224	59.7	87,675	54.6	134,949	64.8
Building cleaning solutions . . . . .	83,790	26.5	79,308	22.9	37,684	23.5	50,386	24.2
Bus and ferry cleaning solutions . . . . .	48,467	15.3	41,027	11.8	25,338	15.8	15,890	7.6
Other cleaning services . . . . .	19,750	6.2	19,440	5.6	9,857	6.1	7,165	3.4
<b>Total . . . . .</b>	<b>316,320</b>	<b>100.0</b>	<b>346,999</b>	<b>100.0</b>	<b>160,554</b>	<b>100.0</b>	<b>208,390</b>	<b>100.0</b>

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## SUMMARY

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A substantial portion of our revenue is generated from our street cleaning solutions. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, revenue generated from our street cleaning solutions amounted to HK\$164.3 million, HK\$207.2 million, HK\$87.7 million and HK\$134.9 million, respectively, accounting for 52.0%, 59.7%, 54.6% and 64.8% of our total revenue, respectively. During the Track Record Period, we provided street cleaning solutions to the HK Government department responsible for public hygiene and food safety, which is also Customer A, our largest customer during the Track Record Period. During the Track Record Period, we entered into tender contracts and quotations for our street cleaning solutions. As at the Latest Practicable Date, we had in place 13 subsisting tender contracts for our street cleaning solutions.

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, revenue generated from our building cleaning solutions amounted to HK\$83.8 million, HK\$79.3 million, HK\$37.7 million and HK\$50.4 million, respectively, accounting for 26.5%, 22.9%, 23.5% and 24.2% of our total revenue, respectively. During the Track Record Period, we provided building cleaning solutions to government sector and private sector customers. Our building cleaning solutions cover both commercial and residential properties. During the Track Record Period, we entered into tender contracts and quotations for our building cleaning solutions. As at the Latest Practicable Date, we had in place 77 subsisting contracts for our building cleaning solutions.

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, revenue generated from our bus and ferry cleaning solutions amounted to HK\$48.5 million, HK\$41.0 million, HK\$25.3 million and HK\$15.9 million, respectively, accounting for 15.3%, 11.8%, 15.8% and 7.6% of our total revenue, respectively. During the Track Record Period, we provided bus and ferry cleaning solutions to the four largest public bus operators and the largest public ferry operator in Hong Kong in terms of fleet size in 2015, according to the F&S Report. During the Track Record Period, we entered into tender contracts for our bus cleaning services and a majority of our ferry cleaning services. As at the Latest Practicable Date, we had in place three subsisting tender contracts for our bus and ferry cleaning solutions.

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, revenue generated from our other cleaning services amounted to HK\$19.8 million, HK\$19.4 million, HK\$9.9 million and HK\$7.2 million, respectively, accounting for 6.2%, 5.6%, 6.1% and 3.4% of our total revenue, respectively. Other cleaning services refer to the various one-off cleaning services that can be provided to customers on a standalone basis. Some of our customers may also request that we provide our other cleaning services to complement the cleaning solutions that we provide them. Other cleaning services are typically offered as a one-off, non-continuous service to address a specific situation which generally involves a relatively limited scope of services and amount of resources, less time commitment, and smaller service fees.

For details about our services, see “Business – Our Services” on page 107 of this prospectus.

## SUMMARY

### *Our Service Contracts*

Service contracts with our customers can be broadly categorised into tender contracts and quotations. The following table sets forth a breakdown of our revenue by contract type for the periods indicated:

	Year ended 31 March				Six months ended 30 September	
	2015		2016		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Tender contracts . . . . .	286,747	90.7	321,652	92.7	194,241	93.2
Quotations . . . . .	29,573	9.3	25,347	7.3	14,149	6.8
<b>Total . . . . .</b>	<b>316,320</b>	<b>100.0</b>	<b>346,999</b>	<b>100.0</b>	<b>208,390</b>	<b>100.0</b>

Tender contracts are service contracts that we secure through a tendering process. During the Track Record Period, we entered into tender contracts to provide our cleaning solutions comprising street cleaning solutions, building cleaning solutions, and bus and ferry cleaning solutions to government sector customers, private sector customers and public transport customers. Some of our tender contracts include penalty provisions for manpower shortages, subjecting us to penalties if we do not staff sufficient manpower as stipulated in the relevant tender contract. Quotations are secured upon the acceptance of our price quotes by customers. During the Track Record Period, we entered into quotations to provide our street cleaning solutions, building cleaning solutions and other cleaning services to government sector customers and private sector customers. Quotations consist of continuous quotations and one-off quotations. Under the continuous quotations, we provide our cleaning solutions pursuant to the scope and charges prescribed in the continuous quotations. For one-off quotations, we provide our other cleaning services, which are non-continuous in nature. See “Business – Customers, Pricing Policy and Contracting – Our Service Contracts” on page 123 of this prospectus.

The following table sets forth a rolling back-log of the Group’s tender contracts by number as at the dates indicated:

	As at 31 March		As at 30 September
	2015	2016	2016
	Number of subsisting tender contracts at the beginning of year/period <sup>(1)</sup> . . . . .	70	70
Number of new tender contracts awarded during the year/period <sup>(2)</sup> . . . . .	49	91	38
Number of expired tender contracts <sup>(3)</sup> . . . . .	49	69	27
Number of subsisting tender contracts at the end of year/period <sup>(4)</sup> . . . . .	70	92	103

## SUMMARY

*Notes:*

- (1) Subsisting tender contracts at the beginning of year/period refer to tender contracts that we had entered into during the preceding year and: (a) performance of services had not commenced yet; or (b) performance of services had commenced but had not yet been completed at the time.
- (2) New tender contracts awarded during the year/period refer to contracts newly secured by tender during the year/period.
- (3) Expired tender contracts refer to tender contracts for which we had completed performance of services during the year/period.
- (4) Subsisting tender contracts at the end of year/period refer to tender contracts for which performance of services had not yet been completed at the time.

The following table sets forth a rolling back-log of the Group's tender contracts by contract value as at the dates indicated:

	As at 31 March		As at
	2015	2016	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	2016
Contract value of subsisting tender contracts at the beginning of year/period . . . . .	491,976	507,981	587,401
Contract value of new tender contracts awarded during the year/period . . . . .	65,042	507,382	342,964
Contract value of expired tender contracts . . .	49,037	427,962	18,524
Contract value of subsisting tender contracts at the end of year/period . . . . .	507,981	587,401	911,841

The outstanding contract sum of the Group as at the Latest Practicable Date was approximately HK\$400.7 million.

The following table sets forth the amount of revenue of the Group to be recognised in each of the six months ended 30 September 2016, the six months ending 31 March 2017, 30 September 2017 and 31 March 2018:

	April	May	June	July	August	September	October 2016 -	April 2017 -	October	Total
	2016	2016	2016	2016	2016	2016	March 2017	September	2017 -	
HK\$ in million	29.6	29.7	31.1	37.3	38.1	42.6	253.4	254.1	252.9	968.8

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## SUMMARY

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The following table sets forth breakdown of the number of tenders submitted and tender success rate by customer type during the Track Record Period:

	Year ended 31 March		Six months ended 30 September
	2015	2016	2016
<b>Number of tenders submitted</b>			
Government sector customers . . . . .	122	112	53
Private sector customers . . . . .	289	304	114
Public transport customers <sup>(1)</sup> . . . . .	3	–	–
<b>Tender success rate (%)</b>			
Government sector customers . . . . .	13.1%	21.4%	20.8%
Private sector customers . . . . .	6.9%	13.2%	9.7%
Public transport customers <sup>(1)</sup> . . . . .	100%	–	–

*Note:*

- (1) Refers to the two largest public bus companies according to the F&S Report, and one public ferry company, all of which are located in Hong Kong. We contracted with these two public bus companies to provide bus cleaning services to four public bus operators during the Track Record Period. See “Business – Customers, Pricing Policy and Contracting – Customers.”

We only recorded tender success rate ranged from 6.9% to 21.1% mainly due to we have submitted tenders for all tender invitations received from customers during the Track Record Period. However, the environmental cleaning services industry in Hong Kong is highly competitive, and we may not be able to compete successfully in the tendering process. Our sales and marketing team also monitors and keeps track of new open tenders. Our overall tender success rate was mainly affected by our competitiveness in pricing in our tender submissions, which factors in relevant costs (particularly labour costs), profit margin and adequate manpower.

As confirmed by our Directors, labour cost is the largest component of cost estimation in our tender submission, which directly affects our competitiveness in pricing. Our Directors are of the view that, our tender success rate of 6.9% and 13.1% for the private sector customers and government sector customers, respectively, during the year ended 31 March 2015 was primarily attributable to over-estimation in labour cost in relation to the statutory minimum wage which rendered our pricing less competitive than that of our competitors. For both government sector customers and private sector customers, the increase in tender success rate for the year ended 31 March 2016 as compared to 31 March 2015 was due to the subsequent adjustment in the pricing for our tender submissions with enhanced accuracy of cost estimation and hence, competitiveness in pricing, with the implementation of statutory minimum wage since 1 May 2015.

For the principal terms of our tender contracts, see “Business – Customers, Pricing Policy and Contracting – Our Service Contracts – Tender Contracts” on page 123 of this prospectus.

## SUMMARY

### *Customers, Sales and Marketing*

We provide our environmental cleaning solutions to three types of customers: (i) government sector customers; (ii) private sector customers; and (iii) public transport customers. The following table sets forth a breakdown of our revenue by customer type for the periods indicated:

	Year ended 31 March				Six months ended 30 September	
	2015		2016		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Government sector customers . . .	201,576	63.7	234,907	67.7	151,595	72.8
Private sector customers . . . . .	66,293	21.0	71,065	20.5	40,871	19.6
Public transport customers <sup>(1)</sup> . . .	48,451	15.3	41,027	11.8	15,924	7.6
<b>Total . . . . .</b>	<b><u>316,320</u></b>	<b><u>100.0</u></b>	<b><u>346,999</u></b>	<b><u>100.0</u></b>	<b><u>208,390</u></b>	<b><u>100.0</u></b>

*Note:*

- (1) Refers to the two largest public bus companies according to the F&S Report, and one public ferry company, all of which are located in Hong Kong. We contracted with these two public bus companies to provide bus cleaning services to four public bus operators during the Track Record Period. See “Business – Customers, Pricing Policy and Contracting – Customers.”

Our key customers during the Track Record Period included HK Government departments, major public bus and ferry companies, and private sector customers including medium- to large-scale property management companies and an international chain hotel operator. The number of our customers may vary from year to year depending on our ability to secure new service contracts, as well as our customers’ need for continuing services after the expiration of existing contracts. In particular, the number of private sector customers may vary significantly from year to year due to the fluctuation in number of our one-off quotations. During the Track Record Period, all of our customers were located in Hong Kong.

During the Track Record Period, we derived a significant percentage of our revenue from our major customers. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, revenue generated from our five largest customers amounted to HK\$239.6 million, HK\$278.1 million and HK\$173.1 million, respectively, accounting for 75.7%, 80.2% and 83.1% of our total revenue, respectively. Revenue generated from Customer A, our largest customer, amounted to HK\$164.3 million, HK\$204.8 million and HK\$135.1 million, respectively, accounting for 52.0%, 59.0% and 64.8% of our total revenue, respectively. See “Risk Factors – Risks Relating to Our Business – We derive a significant percentage of our revenue from our major customers, and in particular, from HK Government departments. Any decrease or loss of business from any of our major customers could have a negative impact on our business and financial condition” on page 39 of this prospectus and “Business – Customers, Pricing Policy and Contracting – Customers” on page 116 of this prospectus.

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## SUMMARY

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### *Suppliers*

During the Track Record Period, we sourced cleaning machinery and equipment, as well as consumables from independent third-party suppliers. We also engaged suppliers to provide us with specialised vehicle rental services and repair services. For services provided to private sector customers, we may from time to time procure third-party workers from suppliers, with the approval of the relevant customer, depending on our resource capacity planning and the nature of the services to be provided. Purchases of goods and services from our five largest suppliers collectively accounted for less than 30% of our total cost of sales during the Track Record Period. All of our suppliers were located in Hong Kong during the Track Record Period.

### *Our Track Record*

Our total revenue increased by HK\$30.7 million from HK\$316.3 million for the year ended 31 March 2015 to HK\$347.0 million for the year ended 31 March 2016. The increase was primarily attributable to the increase of HK\$42.9 million, or 26.1%, in revenue from our street cleaning solutions for our government sector customers primarily due to our obtaining four new tender contracts with Customer A during the year, offset by the decrease of HK\$7.4 million, or 15.4%, in revenue from our bus and ferry cleaning solutions for our public transport customers, which was primarily due to the expiration of one contract for bus cleaning services in September 2015, and the decrease of HK\$4.5 million, or 5.3%, in revenue from our building cleaning solutions for our government sector customers and private sector customers, which was primarily due to the expiration of one contract for building cleaning solutions in May 2015. Our total revenue increased by HK\$47.8 million from HK\$160.6 million for the six months ended 30 September 2015 to HK\$208.4 million for the six months ended 30 September 2016. The increase was attributable to, primarily, the increase of HK\$47.3 million, or 53.9%, in revenue from our street cleaning solutions due to the addition of eight new tender contracts and the expiration of one tender contract for street cleaning solutions, refuse collection and waste disposal services with Customer A during the period from 30 September 2015 to 30 September 2016; and also the increase of HK\$12.7 million, or 33.7%, in revenue from our building cleaning solutions, which was due to the increase in the number of our tender contracts with government sector customers and private sector customers during the period from 30 September 2015 to 30 September 2016. The increase in revenue for the six months ended 30 September 2016 was partially offset by the decrease of HK\$9.4 million, or 37.3%, in revenue from our bus and ferry cleaning solutions for our public transport customers, which was primarily due to the expiration of one contract for bus cleaning services in September 2015. For the six months ended 30 September 2015 and 2016, we had six and 13 subsisting tender contracts for street cleaning solutions, respectively.

Our net profit decreased by HK\$1.8 million, or 12.8%, from HK\$14.4 million for the year ended 31 March 2015 to HK\$12.5 million for the year ended 31 March 2016 was mainly due to the non-recurring listing expenses of approximately HK\$1.2 million recorded in the year ended 31 March 2016. Our net profit increased by HK\$0.2 million, or 2.5%, from HK\$5.9 million for the six months ended 30 September 2015 to HK\$6.1 million for the six months ended 30 September 2016 which was mainly in line with the increase in revenue.

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## SUMMARY

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### *Our Cost Structure*

Our cost of sales consists primarily of direct labour costs, operation expenses, third-party labour costs, consumable costs and other costs, all of which are related to our environmental cleaning solutions. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, our total cost of sales amounted to HK\$277.4 million, HK\$308.8 million, HK\$143.0 million and HK\$186.1 million, respectively. Our business operation is labour intensive. During the Track Record Period, direct labour costs constituted a substantial portion of our total cost of sales. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, our direct labour costs amounted to HK\$230.4 million, HK\$262.3 million and HK\$156.1 million, accounting for 83.1%, 84.9% and 83.9% of our total cost of sales, respectively. The increase in direct labour costs was primarily due to the increase in the number of operation staff hired by the Group as a result of our business growth and increase in the average monthly salary of our employees for staff retention purpose. The increase in minimum wage pursuant to the Minimum Wage Ordinance will increase our cost of sales but we have factored into our price quotes a potential increase in the statutory minimum wage when we submit our tender proposals. Hence, increase in statutory minimum wage will not have any material adverse effect on our business, financial position, results of operations and profitability. For the breakdown of our cost of sales by nature, please refer to “Financial Information – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Description of Components of Results of Operations – Cost of sales” on page 210 of this prospectus.

### **COMPETITIVE STRENGTHS AND BUSINESS STRATEGIES**

We believe that the following principal competitive strengths have contributed to our historical success and distinguished us from our competitors: (i) we possess long years of experience and have a proven track record; (ii) we offer a broad portfolio of environmental cleaning solutions supported by a strong labour force and our proprietary fleet of specialised vehicles; (iii) our commitment to delivering high quality services is reflected by our strong management systems; (iv) we have built longstanding relationships with key customers and a stable customer base; and (v) our dedicated and experienced senior management team enables the successful development of our business.

In order to strengthen our market position and enhance our overall competitiveness, we aim to: (i) expand and further diversify our existing customer portfolio through securing tender contracts with HK Government departments that have not previously engaged our services and reaching a wider audience of private sector companies; (ii) capitalise on existing customer relationships by adhering to our high standards for service quality and workplace safety, as well as remaining readily available to meet the urgent and unique needs of our existing customers in order to identify new opportunities from them; (iii) enhance our sales and marketing efforts by hiring additional sales and marketing personnel and advertising through various channels to promote brand recognition; (iv) expand our vehicle fleet through increasing the number and variety of specialised vehicles; and (v) purchase additional cleaning machinery and equipment.



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## SUMMARY

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### SHAREHOLDERS' INFORMATION

Immediately following completion of the Share Offer and Capitalisation Issue (without taking into account any Shares which may be issued upon exercise of the Offer Size Adjustment Option or any options that may be granted under the Share Option Scheme), the issued Shares will be owned as to 29.25% by Man Shing Global, 29.25% by Lik Hang Investment, 13.5% by Pro-Integration and 3% by Chun Shing Investment. Each of Man Shing Global, Lik Hang Investment, Pro-Integration and Chun Shing Investment is wholly owned by Mr. C.S. Wong, Mr. M.S. Wong, Mr. Chan and Mr. C.H. Wong, respectively; and Mr. C.S. Wong, Man Shing Global, Mr. M.S. Wong, Lik Hang Investment, Mr. C.H. Wong and Chun Shing Investment are considered as a group of Controlling Shareholders after the Share Offer and Capitalisation Issue.

Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong have entered into a deed of acting in concert on 30 March 2016, the details of which are set out in “History, Reorganisation and Corporate Structure – Group Reorganisation – Deed of Acting in Concert” on page 91 of this prospectus. None of the companies owned by our Controlling Shareholders or their respective close associates outside our Group would compete, or would be likely to compete, directly or indirectly, with our environmental cleaning business. See “Relationship with Controlling Shareholders – Our Controlling Shareholders” on page 169 of this prospectus for details.

### PRE-IPO INVESTMENT

On 16 July 2016, Pro-Integration, which is wholly owned by Mr. Chan, and our Company entered into a share subscription agreement, pursuant to which Pro-Integration subscribed for a total of 18 new Shares in our Company for a total consideration of HK\$9.6 million. The consideration was determined after arm's length negotiations between the parties with reference to the price-earnings ratio and discount percentage to IPO price of recent pre-IPO investments in companies listed on GEM. Pro-Integration has not been granted special rights pursuant to the Pre-IPO Investment. Immediately following the completion of the Share Offer and the Capitalisation Issue (assuming that the Offer Price is HK\$0.30 per Offer Share, being the mid-point of the indicative Offer Price range, and that the Offer Size Adjustment Option is not exercised), the entire issued share capital of our Company will be owned by Pro-Integration as to 13.5%. See “History, Reorganisation and Corporate Structure – Pre-IPO Investment” on page 94 of this prospectus for more information.

### RELATED PARTY TRANSACTIONS

During the Track Record Period, we (i) leased office space from, (ii) received guarantees from, and (iii) made advances to, our related parties.

We entered into two tenancy agreements with a related party to lease office space during the Track Record Period. The transactions were conducted at terms determined on a basis mutually agreed between us and such related party.

During the Track Record Period, some of our banking facilities, including bank borrowings and bank overdrafts, were secured by (i) personal guarantees jointly provided by our Directors, and (ii) certain cash deposits and properties of our Directors. The personal guarantees and assets pledged will be released upon Listing.

## SUMMARY

During the Track Record Period, we recorded repayment of advances from a related party. Repayment of advances from such related party relate to advances made to such related party in 2015, which were unsecured, interest-free and repayable on demand. The outstanding amount due from the related party will be fully settled before the Listing.

For more information, see “Financial Information – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Related Party Transactions” on page 235 of this prospectus.

### CONNECTED TRANSACTIONS

Our Directors confirm that, after the Listing, our Group will continue to lease office space under the relevant tenancy agreements from a Controlling Shareholder and a connected person. Such lease will constitute exempted continuing connected transactions of our Company under Chapter 20 of the GEM Listing Rules. Our Directors, including the independent non-executive Directors, consider that the exempted continuing connected transactions are conducted on normal commercial terms and are fair and reasonable, and are in the interests of our Company and our Shareholders as a whole.

Save as disclosed above, our Directors do not believe that immediately following the Listing, there will be any transaction that will constitute continuing connected transactions of our Company under the GEM Listing Rules. We will comply with the relevant requirements under Chapter 20 of the GEM Listing Rules should any non-exempt connected transaction occur on or after the Listing Date. See “Connected Transactions” on page 176 for details.

### KEY FINANCIAL DATA

The following table sets forth our consolidated statements of profit or loss and other comprehensive income for the periods indicated:

	Year ended 31 March				Six months ended 30 September			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(unaudited)</i>							
Revenue . . . . .	316,320	100.0	346,999	100.0	160,554	100.0	208,390	100.0
Cost of sales . . . . .	(277,390)	(87.7)	(308,753)	(89.0)	(142,972)	(89.0)	(186,078)	(89.3)
<b>Gross profit . . . . .</b>	<b>38,930</b>	<b>12.3</b>	<b>38,246</b>	<b>11.0</b>	<b>17,582</b>	<b>11.0</b>	<b>22,312</b>	<b>10.7</b>
Other income . . . . .	418	0.1	765	0.2	237	0.2	110	0.1
Administrative expenses . .	(19,576)	(6.2)	(21,158)	(6.0)	(9,451)	(5.9)	(13,021)	(6.3)
Finance costs . . . . .	(2,619)	(0.8)	(2,678)	(0.8)	(1,216)	(0.8)	(1,411)	(0.7)
<b>Profit before tax. . . . .</b>	<b>17,153</b>	<b>5.4</b>	<b>15,175</b>	<b>4.4</b>	<b>7,152</b>	<b>4.5</b>	<b>7,990</b>	<b>3.8</b>
Income tax expense . . . .	(2,799)	(0.9)	(2,653)	(0.8)	(1,229)	(0.8)	(1,920)	(0.9)
<b>Profit for the year/period . . . . .</b>	<b>14,354</b>	<b>4.5</b>	<b>12,522</b>	<b>3.6</b>	<b>5,923</b>	<b>3.7</b>	<b>6,070</b>	<b>2.9</b>

For more information, see “Financial Information – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Description of Components of Results of Operations” on page 206 of this prospectus.

## SUMMARY

The following table sets forth a breakdown of our gross profit and gross profit margin by principal service category for the periods indicated:

	Year ended 31 March				Six months ended 30 September			
	2015		2016		2015		2016	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Street cleaning solutions . . . . .	19,307	11.8	22,344	10.8	9,096	10.4	13,798	10.2
Building cleaning solutions . . . . .	11,027	13.2	8,240	10.4	4,325	11.5	5,832	11.6
Bus and ferry cleaning solutions . . . . .	5,406	11.2	4,625	11.3	2,345	9.3	1,573	9.9
Other cleaning services . . . . .	3,190	16.2	3,037	15.6	1,816	18.4	1,109	15.5
<b>Total . . . . .</b>	<b>38,930</b>	<b>12.3</b>	<b>38,246</b>	<b>11.0</b>	<b>17,582</b>	<b>11.0</b>	<b>22,312</b>	<b>10.7</b>

Gross profit represents the excess of revenue over our cost of sales. Our gross profit decreased from HK\$38.9 million for the year ended 31 March 2015 to HK\$38.2 million for the year ended 31 March 2016. Our gross profit increased from HK\$17.6 million for the six months ended 30 September 2015 to HK\$22.3 million for the six months ended 30 September 2016. Our gross profit margin decreased from 12.3% for the year ended 31 March 2015 to 11.0% for the year ended 31 March 2016. Our gross profit margin remained relatively stable at 11.0% for the six months ended 30 September 2015 and 10.7% for the six months ended 30 September 2016.

Our net profit margin decreased from 4.5% for the year ended 31 March 2015 to 3.6% for the year ended 31 March 2016. Our net profit margin decreased from 3.7% for the six months ended 30 September 2015 to 2.9% for the six months ended 30 September 2016.

The following table sets forth our consolidated statements of financial position as at the dates indicated:

	As at 31 March		As at 30 September
	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Non-current assets . . . . .</b>	18,007	17,743	21,025
<b>Current assets . . . . .</b>	77,835	110,122	115,463
<b>Current liabilities . . . . .</b>	66,955	86,780	76,359
<b>Non-current liabilities . . . . .</b>	12,714	12,390	15,764
<b>Net assets . . . . .</b>	16,173	28,695	44,365

For details, see “Financial Information – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Selected Items of the Consolidated Statements of Financial Position” on page 225 of this prospectus.

## SUMMARY

The following table sets forth a selected summary of our consolidated cash flow statements for the periods indicated:

	Year ended 31 March		Six months ended 30 September	
	2015	2016	2015	2016
	<i>HKD'000</i>	<i>HKD'000</i>	<i>HKD'000</i> <i>(unaudited)</i>	<i>HKD'000</i>
Cash and cash equivalents at the beginning of the year/period . . . . .	17,362	29,356	29,356	38,120
Net cash generated from/(used in) operating activities . . . . .	23,457	19,047	6,037	(6,677)
Net cash (used in) investing activities . . .	(1,817)	(17,754)	(11,772)	(12,117)
Net cash (used in)/generated from financing activities . . . . .	(9,646)	7,471	3,222	(11,858)
Net increase/(decrease) in cash and cash equivalents . . . . .	<u>11,994</u>	<u>8,764</u>	<u>(2,513)</u>	<u>(30,652)</u>
Cash and cash equivalents at the end of the year/period . . . . .	<u>29,356</u>	<u>38,120</u>	<u>26,843</u>	<u>7,468</u>

The fluctuation in the Group's net operating cash flow during the Track Record Period is primarily due to: (a) the increase in trade receivables as the Group was awarded new tender contracts with Customer A during the Track Record Period; and (b) the listing expenses for the year ended 31 March 2016 and the six months ended 30 September 2016. In particular, for the six months ended 30 September 2016, the fluctuation in the Group's net cash used in operating activities was mainly due to an increase in operational and labour costs as we recruited more cleaning staff to carry out the work under the new contracts (in particular, the five new tender contracts for street cleaning solutions with Customer A) that were awarded to us, and there was an increase in trade receivables of HK\$24.3 million primarily due to the aforesaid five new tender contracts with Customer A, and we purchased more consumables. For the same period, the fluctuation in the Group's net cash used in investing activities was primarily due to the placement of pledged bank deposits for our tender contracts with government sector customers and purchase of plant, machinery and specialised vehicles. The fluctuation in the Group's net cash used in financing activities over the same period was primarily due to the repayment of borrowings of HK\$125.1 million and repayment of obligations under finance leases of HK\$4.2 million for some of our specialised vehicles.

For more information, see "Financial Information – Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Cash flows" on page 222 of this prospectus.

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## SUMMARY

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### KEY FINANCIAL RATIOS

The following table sets forth certain key financial ratios as at the dates or for the periods indicated:

	As at/Year ended 31 March		As at/Six months ended 30 September
	2015	2016	2016
Current ratio <sup>(1)</sup> . . . . .	1.2	1.3	1.5
Gearing ratio <sup>(2)</sup> . . . . .	197.8%	155.2%	60.2%
Return on total asset ratio <sup>(3)</sup> . . . . .	15.0%	9.8%	N/A
Return on equity ratio <sup>(4)</sup> . . . . .	88.8%	43.6%	N/A
Interest coverage <sup>(5)</sup> . . . . .	7.5	6.7	6.7
Debt-to-equity ratio <sup>(6)</sup> . . . . .	N/A	20.2%	43.2%

*Notes:*

- (1) Current ratio represents current assets divided by current liabilities as at the end of a year/period.
- (2) Gearing ratio represents interest bearing liabilities (the total interest bearing loans including bank borrowings and overdrafts) divided by total equity as at the end of a year/period.
- (3) Return on total asset ratio represents net profit for a year divided by total assets as at the end of a year.
- (4) Return on equity ratio represents net profit for a year divided by issued share capital and reserves as at the end of a year.
- (5) Interest coverage represents profit before interest and tax divided by interest expenses for a year/period.
- (6) Debt-to-equity ratio represents net debt divided by total equity as at the end of a year/period.

Our current ratio remained at similar levels during the Track Record Period. The slight increase of our current ratio from 1.2 as at 31 March 2015 to 1.3 as at 31 March 2016 and further to 1.5 as at 30 September 2016 was mainly due to the increase in our trade receivables, which was in line with the increase in our revenue.

The decrease in our gearing ratio from 197.8% as at 31 March 2015 to 155.2% as at 31 March 2016 was primarily due to the increase in our reserves. Our gearing ratio further decreased to 60.2% as at 30 September 2016, which was mainly due to the change in our bank borrowing arrangements. Specifically, we increased our bank borrowings at the beginning instead of at the end of each month to pay for staff salaries for the previous month. We then used payments from our customers to repay our bank borrowings at the end of each month. As such, the change in our bank borrowing arrangement decreased our bank borrowings at the end of each month, which in turn lowered our gearing ratio.

For details, see “Financial Information – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Key Financial Ratios” on page 236 of this prospectus.

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## SUMMARY

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### RECENT DEVELOPMENTS

Subsequent to the Track Record Period and up to the Latest Practicable Date, we arranged for additional workers and vehicles to cater for the extension of service period for ten existing contracts with Customer A. These additional services required would result in an aggregate increase in contract value of approximately HK\$4.8 million.

Furthermore, we had secured a new contract by quotation to provide building cleaning solutions under a one-year service contract with Customer D in October 2016. The total contract value amounted to approximately HK\$0.6 million. In December 2016, we were also awarded a new tender contract by the HK Government department responsible for managing prisons and prisoners for our building cleaning solutions. The new contract is for a service period of three years, with an aggregate contract value of approximately HK\$3.7 million.

As at 31 January 2017, the latest practicable date for determining our indebtedness, we had outstanding bank borrowings of approximately HK\$34.8 million, which were secured by our trade receivables of approximately HK\$35.8 million. Such outstanding bank borrowings may have a negative impact on our financial or trading position since 30 September 2016, being the date on which our latest audited consolidated financial statements were prepared, and since 31 January 2017, being the latest practicable date for determining our indebtedness. See “Risk Factors – Risks Relating to Our Business – We may incur substantial indebtedness in the future, which may adversely affect our financial health” on page 44 of this prospectus.

Save as disclosed above, our Directors confirm that there have not been any material adverse changes in our financial or trading position or prospects since 30 September 2016, being the date of our latest audited consolidated financial statements, and up to the date of this prospectus.

### FATAL ACCIDENT

On 27 September 2016, we recorded one fatal accident. The incident occurred when a pedestrian was struck by one of our refuse compaction vehicles, which was being operated by a driver employed by us to perform refuse collection and waste disposal services for Customer A. As at the Latest Practicable Date, the said driver was charged with traffic offences and the legal proceedings were still ongoing. See “Risk Factors – Risks Relating to Our Business – We are exposed to legal claims relating to personal injuries, loss of life, and loss or damage to real or personal property” on page 41 of this prospectus, “Risk Factors – Risks Relating to Our Business – Our insurance policies may not adequately cover all the potential losses arising from our operations” on page 43 of this prospectus, “Business – Compliance and Legal Proceedings – Legal Proceedings – Material potential legal proceeding” on page 153 of this prospectus.

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## SUMMARY

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### OFFERING STATISTICS

The statistics in the following table are based on the assumptions that: (i) the Share Offer is completed and 150,000,000 Shares are issued and sold in the Share Offer; (ii) the Offer Size Adjustment Option is not exercised; and (iii) 600,000,000 Shares are issued and outstanding upon completion of the Share Offer:

	Based on an Offer Price of HK\$0.28 per Offer Share	Based on an Offer Price of HK\$0.32 per Offer Share
Market capitalisation of our Shares . . . . .	HK\$168.0 million	HK\$192.0 million
Unaudited pro forma adjusted net tangible assets to our equity Shareholders per Share <sup>(1)</sup> . . . . .	HK\$0.11	HK\$0.12

*Notes:*

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2016 has been extracted from the Accountants' Report as set out in Appendix I to this prospectus.
- (2) The estimated net proceeds of the Share Offer are based on 150,000,000 Offer Shares and the respective Offer Price of HK\$0.28 or HK\$0.32 per Offer Share, after deduction of the underwriting commission and other related expenses payable by the Company in relation to the Share Offer. The estimated net proceeds do not take into account any shares which may be allotted and issued upon the exercise of any options granted under the Share Option Scheme as described in the sub-section headed "Appendix IV – D. Share Option Scheme" of this prospectus.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share is calculated based on 600,000,000 Shares in issue (including Shares in issue as at the date of this prospectus and those Shares expected to be issued pursuant to the Share Offer and the Capitalisation Issue but not taking into account any Shares which may be issued upon the exercise of any options granted under the Share Option Scheme).
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share have not taken into account the special dividend declared on 7 November 2016 for payment to the then shareholders of the entity amounting to HK\$13,000,000. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2016 would have been reduced to HK\$50,606,000 and HK\$56,246,000 and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share would have been reduced to HK\$0.08 and HK\$0.09 per Share, based on the Offer Price of HK\$0.28 and HK\$0.32 per Share respectively, after taking into account the payment of the dividend in the sum of HK\$13,000,000.
- (5) No adjustments have been made to the Unaudited Pro Forma Net Tangible Assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2016.

### DIVIDENDS

On 2 February 2015, we declared and paid dividends of HK\$6.0 million in respect of the year ended 31 March 2015 to our then shareholders. We declared special dividends in the amount of HK\$13.0 million to our existing Shareholders on 7 November 2016. HK\$8.0 million of the special dividends was paid on 15 December 2016, and the remaining HK\$5.0 million was paid on 25 January 2017. Part of the paid dividend, amounting to approximately HK\$3.1

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## SUMMARY

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million, has been used to settle an amount due from a Shareholder of approximately HK\$7.1 million as at 30 September 2016 to our Group. The amount due from a Shareholder of approximately HK\$7.1 million has been fully settled on 29 December 2016. See “Financial Information – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Selected Items of the Consolidated Statements of Financial Position – Amount due from a Shareholder” on page 226 of this prospectus for more information.

Our Board is responsible for submitting proposals in respect of dividend payments, if any, to the Shareholder’s general meeting for approval. Our Shareholders shall be entitled to receive dividends only when declared by our Directors. Declaration of dividends is subject to the discretion of our Directors, and will depend on various factors including our results of operations, working capital, financial position, capital adequacy ratio, future business prospects, statutory and regulatory restrictions on the payment of dividends by us and other factors that the Board may deem relevant. See “Financial Information – Dividends” on page 240 of this prospectus.

### **LISTING EXPENSES**

The total estimated Listing expenses (including underwriting commissions) in connection with the Share Offer are HK\$27.7 million (assuming that the Offer Price is HK\$0.30 per Offer Share, being the mid-point of the indicative Offer Price range, and that the Offer Size Adjustment Option is not exercised), of which HK\$8.8 million is directly attributable to the issue of the Offer Shares under the Share Offer and is expected to be accounted for as a deduction from equity in accordance with the relevant accounting standards. For the remaining Listing expenses of HK\$18.9 million, HK\$1.2 million and HK\$3.5 million were charged to our consolidated statement of profit or loss for the year ended 31 March 2016 and the six months ended 30 September 2016, respectively. The remaining HK\$14.2 million will be charged to our consolidated statement of profit or loss for the year ending 31 March 2017.

The Listing expenses above are an estimate as at the latest practicable date for determining such expenses and are for reference only. The final amount of Listing expenses to be recognised in the consolidated financial statements of our Group for the year ending 31 March 2017 is subject to adjustment based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year ending 31 March 2017 is expected to be adversely affected by the estimated non-recurring Listing expenses mentioned above, and may or may not be comparable to the financial performance of our Group in the past.

### **REASONS FOR THE SHARE OFFER**

Our operations require a significant amount of financing. As part of our strategies set forth in “Business – Our Business Strategies,” we plan to expand our capacity for undertaking a greater number of projects and to invest in our brand awareness and reputation. Specifically, we intend to increase our capacity for undertaking a greater number of projects through acquiring additional specialised vehicles, cleaning machinery and equipment.



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## SUMMARY

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We had bank balances and cash of HK\$22.0 million and unutilised banking facilities of HK\$40.3 million as at 31 January 2017. Our bank balances and cash are reserved as our Group's working capital for daily operations. The Group's unutilised banking facilities are short-term loans, 85.4% of which are invoice financing loans. Although the Group's total unutilised banking facilities for invoice financing amount to HK\$40.3 million, the Group is subject to a condition that it can only draw down up to a certain percentage of the invoice amount for each invoice presented to the relevant bank. The drawdown period is stipulated with reference to the credit period we grant to our customers. See "Business – Customers, Pricing Policy and Contracting – Credit Policy" on page 131 of this prospectus for details. In addition, as confirmed by the Group, the Group reserves these unutilised banking facilities as contingency financing facilities for our operational needs in case of any delay in payment by our customers. In view of the said condition and the need to reserve the unutilised banking facilities for contingency purpose, the Directors are of the view that the unutilised banking facilities are not used for and are unsuitable for financing the purchase of additional machinery, equipment and specialised vehicles.

During the Track Record Period, the Group had entered into finance lease arrangements for motor vehicles. Should the Group enter into further finance lease arrangements and/or obtain banking facilities to finance the purchase of additional machinery, equipment and specialised vehicles, the Group's gearing ratio will rise, and additional interest costs will be incurred. Such alternative measures may adversely affect the Group's profit margin and are not cost effective from the viewpoint of the Group. Further, our Directors consider that, as a group of private companies, the Group, without a listing status, would face difficulty in obtaining banking facilities without guarantees or other form of securities provided by our Controlling Shareholders. Our Directors believe that a listing status could also help enhance our creditworthiness to banks in order to facilitate our future financing needs, and the Listing will provide a platform for our fund raising in the future through equity financing with enhanced liquidity of the Shares which will be freely traded on the Stock Exchange when compared to limited liquidity of the Shares when they are privately held before the Listing.

Given that the implementation of our strategies will require considerable additional financial resources as described in "Future Plans and Use of Proceeds," we believe that the proceeds from the Share Offer and a public listing status will strengthen our financial position and enhance our corporate profile in the environmental cleaning services industry in Hong Kong, thereby providing us with more leverage and competitive advantages in the tendering process as well as during negotiations with customers. Moreover, as our operations require a significant amount of working capital to support the continued growth of our operations and project capacity, a public listing status would enable us to gain access to the capital markets to raise funds both at the time of the Share Offer and at later stages, which would in turn enable us to further develop our business.

Furthermore, a public listing status would offer us a broader shareholder base which could potentially lead to a more liquid market in the trading of our Shares, and assist in the enhancement of our internal control and corporate governance practices.

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## SUMMARY

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### USE OF PROCEEDS

The net proceeds from the Share Offer (after deducting the estimated expenses of HK\$27.7 million in connection with the Listing) will be approximately HK\$17.3 million based on the Offer Price of HK\$0.30 per Offer Share (being the mid-point of the indicative Offer Price range), assuming that the Offer Size Adjustment Option is not exercised.

We presently intend to apply such net proceeds as follows:

- approximately 47.4% of the net proceeds, or approximately HK\$8.2 million, for the purchase of new specialised vehicles;
- approximately 28.4% of the net proceeds, or approximately HK\$4.9 million, for the repayment of loans;
- approximately 9.6% of the net proceeds, or approximately HK\$1.7 million, for sales and marketing activities;
- approximately 7.4% of the net proceeds, or approximately HK\$1.3 million, for the purchase of new automated cleaning machinery and equipment; and
- the balance of approximately 7.2% of the net proceeds, or approximately HK\$1.2 million, for use as our general working capital and other general corporate purposes.

For more details, see “Future Plans and Use of Proceeds” on page 244 of this prospectus.

### RISK FACTORS

Our operations involve certain risks and uncertainties, some of which are beyond our control. These risks can be broadly categorised into: (i) risks relating to our business; (ii) risks relating to our industry; and (iii) risks relating to the Share Offer. Some of the risks generally associated with our business and industry include the following:

- Our revenue and profit margin are particularly susceptible to factors including the increase in direct labour costs, third-party labour costs, finance costs and bad debts;
- We derive most of our revenue from contracts awarded through competitive tendering. There is no guarantee that we can continue to secure new tender contracts to maintain or expand our business;
- A majority of our contracts have fixed and pre-determined service fees without price adjustment mechanisms, which may subject us to the risk of cost overruns;
- We derive a significant percentage of our revenue from our major customers, and in particular, from HK Government departments. Any decrease or loss of business from any of our major customers could have a negative impact on our business and financial condition;
- A significant portion of our business is non-recurring in nature, and there is no guarantee that our existing customers will engage us in the future;
- An increase in labour costs or a labour shortage may adversely affect our profitability;
- We are exposed to legal claims relating to personal injuries, loss of life, and loss or damage to real or personal property;

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## SUMMARY

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- Our insurance policies may not adequately cover all the potential losses arising from our operations;
- If we fail to meet the requirements of our contracts or quality standards of our services, we may incur liquidated damages and additional costs and may experience delays or difficulties in collecting performance deposits or surety bonds;
- We rely on third-party workers procured through suppliers to perform some of the services that we provide to private sector customers and may be held responsible for their substandard services to our customers;
- We may incur substantial indebtedness in the future, which may adversely affect our financial health;
- We may have difficulty in managing our future growth; and
- We face intense competition and may lose market share if we fail to compete successfully.

These risks are not the only significant risks that may affect the value of our Shares. You should carefully consider all of the information set forth in this prospectus and, in particular, should evaluate the specific risks set forth in “Risk Factors” on page 37 of this prospectus in deciding whether to invest in our Shares.

### COMPLIANCE AND LITIGATION

As confirmed by our Directors and as advised by our Hong Kong Legal Advisers, we have complied with the relevant rules and regulations in all material respects during the Track Record Period and as at the Latest Practicable Date. See “Business – Compliance and Legal Proceedings – Compliance” on page 153 of this prospectus for more information.

We may from time to time be involved in a number of legal proceedings in the ordinary course of our business. These legal proceedings mainly involve workplace injuries. We had one material potential legal proceeding, five material ongoing legal proceedings and 92 potential employees’ compensation claims pending process by the Labour Department (the “**Pending Claims**”) as at the Latest Practicable Date. Our Directors are of the view that the said material ongoing legal proceedings and the Pending Claims do not have a material impact on our Group’s financial and operational performance having considered that (i) all of them except one are taken over by the insurance company and the estimated liability for the remaining one, on the other hand, is not substantial, and (ii) the difficulty to recruit workers from the labour market to fill up the vacancies of the injured employees is not high. See “Business – Compliance and Legal Proceedings – Legal Proceedings” on page 153 of this prospectus for details.

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following expressions have the following meanings.*

“Application Form(s)”	<b>WHITE</b> Application Form(s) and <b>YELLOW</b> Application Form(s), or where the context so requires, any of them that are used in connection with the Public Offer
“Articles” or “Articles of Association”	the amended and restated articles of association of our Company conditionally adopted on 20 March 2017 with effect from the Listing Date and as amended and restated from time to time, a summary of which is contained in Appendix III to this prospectus
“associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Board” or “Board of Directors”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday and public holidays and days on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) in Hong Kong on which banks in Hong Kong are open generally for business throughout their normal business hours
“BVI”	the British Virgin Islands
“Capitalisation Issue”	the issue of 412,000,000 Shares to be made upon capitalisation of certain amounts standing to the credit of the share premium account of our Company as referred to in the paragraph headed “3. Written resolutions of our Shareholders passed on 20 March 2017” under the section headed “Statutory and General Information – A. Further Information about our Company” in Appendix IV to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant

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## DEFINITIONS

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“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Changjiang Corporate Finance” or “Sole Sponsor”	Changjiang Corporate Finance (HK) Limited, a company incorporated in Hong Kong with limited liability on 8 August 2011, a licenced corporation under the SFO to carry on type 6 (advising on corporate finance) regulated activity (being the sole sponsor to our Company in respect of the Listing)
“Changjiang Securities Brokerage” or “Sole Global Coordinator” or “Joint Bookrunner” or “Joint Lead Manager”	Changjiang Securities Brokerage (HK) Limited, a company incorporated in Hong Kong with limited liability on 8 August 2011, a licenced corporation under the SFO to carry on type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 5 (advising on futures contracts) regulated activities
“China” or “PRC”	the People’s Republic of China which, for the purpose of this prospectus and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Chun Shing Investment”	Chun Shing Investment Limited (駿誠投資有限公司), a company incorporated with limited liability in the BVI on 21 March 2016, which is an investment holding company wholly and beneficially owned by Mr. C.H. Wong
“close associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Collection Authority(ies)”	means (a) in relation to chemical waste and clinical waste, the director of the EPD and (b) in relation to any other waste, means the director of FEHD
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands

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## DEFINITIONS

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“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) effective from 3 March 2014, as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance” or “Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, “we”, “us” or “our”	Man Shing Global Holdings Limited (萬成環球控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability on 18 March 2016, and the shareholding structure of which is set out in the section headed “History, Reorganisation and Corporate Structure” of this prospectus
“connected person(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Construction Industry Council”	the Construction Industry Council of Hong Kong (建造業議會)
“Controlling Shareholder(s)”	has the same meaning ascribed thereto under the GEM Listing Rules and, in the context of this prospectus, means the controlling Shareholders of our Company, namely, Mr. C.S. Wong, Lik Hang Investment, Mr. M.S. Wong, Man Shing Global, Mr. C.H. Wong and Chun Shing Investment
“core connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Corporate Governance Code”	Appendix 15 of the GEM Listing Rules (as amended, supplemented or otherwise modified from time to time)
“Department of Justice”	the Department of Justice of Hong Kong, which gives legal advice to other bureaux and departments of the HK Government, represents the HK Government in legal proceedings, drafts government bills, makes prosecution decisions, and promotes the rule of law
“Director(s)”	the director(s) of our Company
“DSD”	the Drainage Services Department of Hong Kong (渠務署)

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## DEFINITIONS

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“Employees’ Compensation Ordinance”	the Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“EPD”	the Environmental Protection Department of Hong Kong (環境保護署)
“FEHD”	the Food and Environmental Hygiene Department of Hong Kong (食物環境衛生署)
“Frost & Sullivan”	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co. (弗若斯特沙利文), an Independent Third Party, being a professional market research company engaged by our Company to prepare an industry report; the details of which are set out in the section headed “Industry Overview” in this prospectus
“F&S Report”	the industry report prepared by Frost & Sullivan on the environmental cleaning services industry in Hong Kong
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM (as amended, supplemented or otherwise modified from time to time)
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”, “our Group”, “us” or “we”	our Company and its subsidiaries or any of them, or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
“HK Government”	the government of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards (including Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by HKICPA
“HKICPA”	the Hong Kong Institute of Certified Public Accountants

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## DEFINITIONS

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“HKQAA”	Hong Kong Quality Assurance Agency, a non-profit organisation established by the HK Government in 1989 dedicated to help commercial and industrial bodies to develop quality, environmental, safety, hygiene and social management systems. HKQAA is recognised by the HK Government as a certifying body to acknowledge managing systems that comply with various applicable standards in order to be certified under the regulations published by the International Organisation for Standardization (ISO) or other relevant organisations from time to time. According to the information published by the HK Government, HKQAA is qualified to grant certificates in respect of the standards ISO 9001:2008, OHSAS 18001:2007 and ISO 14001:2004
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK\$” or “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Branch Share Registrar”	Tricor Investor Services Limited
“Hong Kong Legal Advisers”	Keith Lam Lau & Chan, legal advisers to our Company as to Hong Kong laws in connection with the Share Offer
“Hong Kong Legal Counsel”	Mr. Timmy Chi-Hong Yip, our external legal counsel in connection with the fatal accident on 27 September 2016 and the potential impact of such fatal accident on our Group’s ability to tender for government contracts
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of and not connected with any of the Directors, chief executive and substantial shareholders of our Company or any of its subsidiaries or any of their respective close associates within the meaning of the GEM Listing Rules



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## DEFINITIONS

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“Jasen Services”	Jasen Services Limited (駿誠服務有限公司), a company incorporated with limited liability in Hong Kong on 18 May 1995, which is wholly and beneficially owned by Jasen Services (BVI) after the Reorganisation
“Jasen Services (BVI)”	Jasen Services (BVI) Limited (駿誠服務(BVI)有限公司), a company incorporated with limited liability in the BVI on 21 March 2016, which is an indirect wholly-owned subsidiary of our Company
“Joint Bookrunners”	Changjiang Securities Brokerage (HK) Limited, Aristo Securities Limited and Fortune (HK) Securities Limited
“Joint Lead Managers”	Changjiang Securities Brokerage (HK) Limited, Aristo Securities Limited, Fortune (HK) Securities Limited and Bluemount Securities Limited
“Labour Department”	Labour Department of Hong Kong (勞工處)
“Latest Practicable Date”	22 March 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
“Lik Hang Investment”	Lik Hang Investment Company Limited (力行投資有限公司), a company incorporated with limited liability in the BVI on 21 March 2016, and an investment holding company beneficially and wholly-owned by Mr. M.S. Wong
“Listing”	the listing of our Shares on GEM
“Listing Date”	the date on which dealings in our Shares first commence on GEM, which is expected to be on or about Thursday, 13 April 2017
“Listing Division”	the Listing Division of the Stock Exchange
“Man Shing Cleaning Service”	Man Shing Cleaning Service Company Limited (萬成清潔服務有限公司), a company incorporated with limited liability in Hong Kong on 29 July 1998, which is an indirect wholly-owned subsidiary of our Company after the Reorganisation

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## DEFINITIONS

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“Man Shing Cleaning Service (BVI)”	Man Shing Cleaning Service (BVI) Co. Ltd. (萬成清潔服務(BVI)有限公司), a company incorporated with limited liability in the BVI on 21 March 2016, which is an indirect wholly-owned subsidiary of our Company
“Man Shing Environmental”	Man Shing Environmental Company Limited (萬成環保處理有限公司), a company incorporated with limited liability in Hong Kong on 1 September 2015, which is an indirect wholly-owned subsidiary of our Company after the Reorganisation
“Man Shing Environmental (BVI)”	Man Shing Environmental (BVI) Co. Ltd (萬成環保處理(BVI)有限公司), a company incorporated with limited liability in the BVI on 21 March 2016, which is an indirect wholly-owned subsidiary of our Company after the Reorganisation
“Man Shing Global”	Man Shing Global Limited (萬成環球有限公司), a company incorporated with limited liability in the BVI on 3 February 2016, which is wholly and beneficially owned by Mr. C.S. Wong
“Man Shing Global Group”	Man Shing Global Group Limited (萬成環球集團有限公司), a company incorporated with limited liability in Hong Kong on 21 March 2016, which is an indirect wholly-owned subsidiary of our Company
“Man Shing Global Group (BVI)”	Man Shing Global Group (BVI) Limited (萬成環球集團(BVI)有限公司), a company incorporated with limited liability in the BVI on 21 March 2016, which is an indirect wholly-owned subsidiary of our Company
“Memorandum” or “Memorandum of Association”	the amended and restated memorandum of association of our Company, conditionally adopted on 20 March 2017 with effect from the Listing Date as amended and restated from time to time, a summary of which is contained in the section headed “Summary of the Constitution of our Company and Cayman Islands Companies Law – Summary of the Constitution of our Company – 1. Memorandum of Association” in Appendix III to this prospectus
“Mr. Chan”	Mr. Chan Shing Yi Jacky, a shareholder of our Company, the Pre-IPO investor and the sole shareholder of Pro-Integration

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## DEFINITIONS

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“Mr. C.H. Wong”	Mr. Wong Chi Ho, an executive Director of our Group, also the son of Mr. M.S. Wong and the nephew of Mr. C.S. Wong
“Mr. C.S. Wong”	Mr. Wong Chong Shing, an executive Director and co-founder of our Group, also the younger brother of Mr. M.S. Wong and the uncle of Mr. C.H. Wong
“Mr. M.S. Wong”	Mr. Wong Man Sing, an executive Director and co-founder of our Group, also the elder brother of Mr. C.S. Wong and the father of Mr. C.H. Wong
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.0027%) of not more than HK\$0.32 per Share and expected to be not less than HK\$0.28 per Share at which the Offer Shares are to be offered under the Share Offer, to be determined in the manner as set out in the section headed “Structure and Conditions of the Share Offer” of this prospectus
“Offer Share(s)”	collectively, the Placing Shares and the Public Offer Shares
“Offer Size Adjustment Option”	the option to be granted by our Company to the Sole Global Coordinator to require our Company to issue up to an aggregate of 22,500,000 new Shares, representing 15% of the Offer Shares initially available, at the Offer Price, details of which are described in the section headed “Structure and Conditions of the Share Offer – Offer Size Adjustment Option” in this prospectus
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters for and on behalf of our Company for cash at the Offer Price, as further described under the section headed “Structure and Conditions of the Share Offer” in this prospectus
“Placing Shares”	the 135,000,000 Shares offered by our Company for subscription and purchase under the Placing subject to reallocation and Offer Size Adjustment Option as described under the section “Structure and Conditions of the Share Offer” in this prospectus
“Placing Underwriter(s)”	the underwriter(s) that is/are expected to enter into the Placing Underwriting Agreement to underwrite the Placing Shares

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## DEFINITIONS

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“Placing Underwriting Agreement”	the underwriting agreement expected to be entered into between, among others, our Company, the executive Directors, our Controlling Shareholders, the Sole Sponsor and the Placing Underwriters relating to the Placing
“Pre-IPO Investment”	the pre-IPO investment by Pro-Integration, the details of which are set forth under the section headed “History, Reorganisation and Corporate Structure – Pre-IPO Investment” in this prospectus
“Price Determination Agreement”	the agreement to be entered into by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or around Thursday, 6 April 2017 or such later date as may be agreed between the Company and the Sole Global Coordinator, on which the Offer Price will be determined for the purposes of the Share Offer
“Pro-Integration”	Pro-Integration Limited (保盈有限公司), a company incorporated with limited liability in the BVI on 21 March 2016, which is wholly and beneficially owned by Mr. Chan
“Public Offer”	the issue and offer of the Public Offer Shares for subscription in Hong Kong at the Offer Price on and subject to the terms and conditions described in this prospectus and the Application Forms
“Public Offer Shares”	the 15,000,000 Shares (subject to reallocation) initially offered by our Company for subscription in the Public Offer, as described under the section headed “Structure and Conditions of the Share Offer” of this prospectus
“Public Offer Underwriter(s)”	the underwriter(s) of the Public Offer, whose name(s) is/are set out under the section headed “Underwriting – The Public Offer Underwriters” of this prospectus
“Public Offer Underwriting Agreement”	the underwriting agreement dated 29 March 2017 entered into between, among others, our Company, the executive Directors, our Controlling Shareholders, the Sole Sponsor and the Public Offer Underwriters relating to the Public Offer, particulars of which are summarised in the section headed “Underwriting” of this prospectus

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## DEFINITIONS

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“Registrar”	Maples Fund Services (Cayman) Limited
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the reorganisation of the corporate structure of our Group, further details of which are described under the section headed “History, Reorganisation and Corporate Structure” in this prospectus
“Safety Consultant”	an external consultant hired by us to advise and make recommendations on our safety management system
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of our Company
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 20 March 2017, the principal terms of which are summarised in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules
“substantial shareholder(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buybacks, issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the two financial years ended 31 March 2015 and 31 March 2016 and the six months ended 30 September 2016

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## DEFINITIONS

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“Underwriter(s)”	the Public Offer Underwriter(s) and the Placing Underwriter(s)
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“United States”	the United States of America
“U.S. Securities Act”	the United States Securities Act of 1933 (as amended from time to time)
“WDO”	Waste Disposal Ordinance, Chapter 354 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“ <b>WHITE</b> Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s/applicants’ own name(s)
“ <b>YELLOW</b> Application Form(s)”	the application form(s) for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
“%”	per cent

*Unless otherwise specified, all references to any shareholding in our Company in this prospectus assume no Share which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme.*

*Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

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## GLOSSARY OF TECHNICAL TERMS

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“AIFR”	all injury frequency rate
“air blower”	a mechanical device that forces air into the cylinder at a high pressure, which is used for dust removal and cleaning purposes
“CAGR”	compound annual growth rate
“Certificate for Person Working on Suspended Working Platform”	a certificate issued to an individual who is a licenced operator of suspended working platform under section 17(1)(b) of the Factories and Industrial Undertakings (Suspended Working Platforms) Regulation, Chapter 59AC of the Laws of Hong Kong
“Certificate of Confined Space Operations for Competent Person and Certified Worker”	a certificate issued to an individual who is qualified as being competent to work in a confined space under section 4(1) of the Factories and Industrial Undertakings (Confined Spaces) Regulation, Chapter 59AE of the Laws of Hong Kong
“cold water pressure washer”	a high-pressure mechanical sprayer that generates cold water for the removal of dust and debris from surface
“confined space”	an enclosed environment such as a tank or a pipe
“Construction Industry Safety Training Certificate”	a certificate issued to an individual who has completed the Mandatory Basic Safety Training Course for Construction Industry held by the Hong Kong Occupational Safety and Health Council
“construction waste”	any substance, matter or thing defined as construction waste by regulations made under section 33 of the WDO, but does not include chemical waste
“domestic waste”	waste produced by a household, and of a kind that is ordinarily produced by a dwelling when occupied as such
“Euro IV standard”	a vehicle emission standard for motor vehicle fuel (both diesel and petrol) set by the European Union as per Regulation (EC) No 715/2007 which came into effect in October 2005 for trucks

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## GLOSSARY OF TECHNICAL TERMS

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“Ex-gratia Payment Scheme”	Ex-gratia Payment Scheme for Phasing Out Pre-Euro Diesel Commercial Vehicles introduced by the EPD in March 2014 to phase out pre-Euro IV diesel commercial vehicles
“GDP”	gross domestic product
“GFA”	gross floor area
“GPS”	global positioning system
“grab lorry”	a vehicle used in our refuse collection and waste disposal services for loading and lifting of refuse and construction waste by hydraulic crane
“hook-lift truck”	a hook-hanging vehicle used for transporting mobile garbage compaction cans and environmental protection bucket, which may transport mobile garbage compression cans and environmental protection bucket to desired position with the hook
“hot water pressure washer”	a high-pressure mechanical sprayer that generates hot water for the removal of dust and debris from surface
“Incorporated Owners”	a building management organisation, the members of which include all owners of the building
“ISO”	an acronym for a series of quality management and quality assurance standards published by the International Organisation for Standardisation, a non-government organisation based in Geneva, Switzerland, for assessing the quality systems of business organisations
“ISO 9001”	an internationally recognised standard for quality management systems. It aims at the effectiveness of the quality management system in meeting customer requirements. It prescribes requirements for ongoing improvement of quality assurance in design, development, production, installation and servicing



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## GLOSSARY OF TECHNICAL TERMS

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“ISO 14001”	an internationally recognised standard for environmental management systems. It aims at recognising the desirable behaviour of business concerning the environment. It prescribes controls for an encompassing range of corporate activities which include the use of natural resources, handling and treatment of waste and energy consumption
“lawn mower”	a machine utilising one or more revolving blades to cut a grass surface to an even height
“light goods vehicle”	a vehicle used in our overall operation for transporting consumables, cleaning machinery and equipment, and operations staff
“lorry”	a vehicle used for transporting our consumables, as well as cleaning machinery and equipment
“marble floor refinishing machine”	a machine that is used for refinishing old or distressed marble floor
“OHSAS 18001”	an internationally recognised specification for occupational health and safety management systems. It specifies requirements for an occupational health and safety management system to enable an organisation to develop and implement policies and objectives which take into account legal requirements and information about occupational risks and to improve their occupational health and safety performance
“pest control machine”	a spraying machine designed to repel or eliminate pests
“power generator”	an equipment that generates electricity
“refuse compaction vehicle”	a vehicle used in our refuse collection and waste disposal services for collecting, compacting, transporting and disposal of refuse and waste
“suction sweeper”	a specialised vehicle used for outdoor cleaning such as the sweeping of streets and roads

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## GLOSSARY OF TECHNICAL TERMS

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“tail-lift truck”	a vehicle used in our refuse collection and waste disposal services for loading and unloading of waste from ground level to the car hopper with the lifting loading bed installed in the tailstock
“tail-lift (tipper) truck”	a vehicle used in our refuse collection and waste disposal services. The usage is the same as tail-lift trucks but with the addition of a hydraulic system that can lift the car hopper, thus transporting and unloading waste to refuse transfer points or landfills directly
“tipper truck”	a vehicle used in our refuse collection and waste disposal services. The usage is the same as tail-lift (tipper) truck without the lifting loading bed in the tailstock
“vacuum cleaner”	an electric motor that uses an air pump to clean dust and small refuse from surface
“vacuum tanker”	a vehicle used in our sewage management services for suction of sewage and liquid waste
“water suction cleaner”	an equipment used to remove fluids while vacuuming the floor
“water wagon”	a specialised vehicle used for street cleaning, including the cleaning of streets and alleyways. A water wagon is mounted with pressure pumps at the front and nozzles on both sides of the vehicle

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## FORWARD-LOOKING STATEMENTS

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This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management and assumptions made by and information currently available to our management. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may”, “ought to”, “plan”, “potential”, “project”, “seek”, “should”, “will”, “would” and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including but not limited to the risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospect;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals;
- general economic trends and conditions;
- changes to regulatory and operating conditions in the industry and markets in which we operate;
- our ability to control costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- the actions and developments of our competitors; and
- certain statements in the section headed “Financial Information” in this prospectus with respect to trend in prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

Subject to the requirements of the GEM Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in the prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

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## RISK FACTORS

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*You should carefully consider all of the information set out in this prospectus and, in particular, risks and uncertainties described below before making any investment decision in the Offer Shares. Our business, financial condition, results of operation and future prospects may be materially and adversely affected by the occurrence of any of these risks. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we currently deem immaterial, could also harm our business, financial condition, results of operations and prospects. The trading price of our Shares could decline due to any of these risks and uncertainties, and you may lose all or part of your investment.*

Our operations involve certain risks and uncertainties, some of which are beyond our control. These risks can be broadly categorised into: (i) risks relating to our business; (ii) risks relating to our industry; and (iii) risks relating to the Share Offer.

### RISKS RELATING TO OUR BUSINESS

*Our revenue and profit margin are particularly susceptible to factors including the increase in direct labour costs, third-party labour costs, finance costs and bad debts.*

Our business was historically of a low-margin nature during the Track Record Period. Increase in direct labour costs, third-party labour costs, finance costs and bad debts, inter alia, would erode the low net profit margin of our business. During the Track Record Period, our net profit margin was 4.5%, 3.6%, 3.7% and 2.9% for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, respectively. Any increase in interest expenses, default payments, direct labour costs and so forth, would adversely affect our profitability.

Direct labour costs represented the largest component of our cost of sales during the Track Record Period. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, our direct labour costs amounted to HK\$230.4 million, HK\$262.3 million and HK\$156.1 million, respectively, accounting for 83.1%, 84.9% and 83.9% of our total cost of sales, respectively. Where increase in cost of sales cannot be passed on to customers, we may have to absorb such costs which could have adverse effect on our business, financial condition and results of operations.

Third-party labour costs consist of fees paid to our suppliers that we engaged when we determined, as part of our resource capacity planning, that third-party workers should be hired to perform a specific service for a private sector customer, subject to customer approval. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, our third-party labour costs accounted for 3.8%, 2.9% and 3.9% of our total cost of sales, respectively. Any fluctuations in third-party labour costs may adversely affect our gross profit margin and financial condition.

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## RISK FACTORS

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As we maintain a certain level of finance costs, an increase in interest expenses would adversely affect our net profit. Our finance costs mainly consist of interest expenses paid for bank borrowings and overdrafts and obligations under finance leases. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, our finance costs amounted to HK\$2.6 million, HK\$2.7 million, HK\$1.2 million and HK\$1.4 million, respectively.

As at 31 March 2015 and 2016 and 30 September 2016, our balance of trade receivables amounted to HK\$38.4 million, HK\$41.0 million and HK\$65.3 million, respectively. Our trade receivable turnover days as at 31 March 2015 and 2016 and 30 September 2016 were 44 days, 42 days and 47 days, respectively. If our customers default on their payments to us, our profitability will be adversely affected.

***We derive most of our revenue from contracts awarded through competitive tendering. There is no guarantee that we can continue to secure new tender contracts to maintain or expand our business.***

We derive most of our revenue from tender contracts. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, revenue derived from our tender contracts accounted for 90.7%, 92.7% and 93.2% of our total revenue, respectively. Our customers may in general terminate tender contracts by serving seven to 30 days' written notice to us in the event of non-compliance with any provisions in the tender contracts. We can give no assurance that our customers will not terminate their existing tender contracts with us prior to the expiration of such contracts. Moreover, our customers may not award new tender contracts to us upon the expiration of our existing tender contracts with them. As such, we may not be successful in tendering for the same customer's projects when the relevant tender contract expires. Even if we are able to meet the tender requirements for a new project, there can be no assurance that: (i) we will be invited to, or made aware of, the tender; (ii) the terms of the new tender contracts will be comparable to those in our existing tender contracts; or (iii) our tender proposals will ultimately be selected by customers. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, our tender success rates were 9.4%, 15.4% and 13.2%, respectively.

Furthermore, we may be required to lower our service fees in order to offer more competitive tender proposals, and any failure to reduce our costs accordingly may result in downward pressure on our profit margins. If we are unable to continue to secure new tender contracts or if such tender contracts are not profitable, our business, financial condition and results of operations may be materially and adversely affected.

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## RISK FACTORS

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*A majority of our contracts have fixed and pre-determined service fees without price adjustment mechanisms, which may subject us to the risk of cost overruns.*

A majority of our contracts have fixed and pre-determined service fees throughout the contract period or without any price adjustment mechanisms. When submitting tender proposals for tender contracts or price quotes for quotations, we generally have fixed service fees based on estimates of our future cost of sales over the term of the service contract. As such, we enter into most of our contracts with terms substantially agreed to at the time we secure our contracts. Once the tender proposal or price quote is accepted by customers, we may only adjust our service fees in certain limited circumstances, such as when our customers require additional services. Accordingly, we bear the risk of cost overruns. We may fail to accurately estimate costs, and any material discrepancies between our estimated costs and the actual costs may result in lower profits or even losses. We may also encounter cost overruns as a result of factors beyond our control, including unforeseen increases in costs of labour and materials, changes in applicable regulatory requirements, labour disputes and unforeseen problems and circumstances, resulting in unexpected cost increases that we may not be able to pass on to our customers. If we are unable to keep our costs within our estimates, our business, financial condition and results of operations may be materially and adversely affected.

*We derive a significant percentage of our revenue from our major customers, and in particular, from HK Government departments. Any decrease or loss of business from any of our major customers could have a negative impact on our business and financial condition.*

During the Track Record Period, we derived a significant percentage of our revenue from our major customers. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, revenue generated from our five largest customers accounted for 75.7%, 80.2% and 83.1% of our total revenue, respectively. We also rely on contracts awarded by HK Government departments, with revenue generated from contracts with government sector customers collectively accounting for 63.8%, 67.8% and 72.8% of our total revenue for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, respectively. In particular, revenue generated from Customer A, which is the HK Government department responsible for public hygiene and food safety and our largest customer, accounted for 52.0%, 59.0% and 64.8% of our total revenue, respectively. We do not have long-term commitments with any of our major customers, which our Directors believe is in line with the market practice of the environmental cleaning services industry in Hong Kong. Our customers are therefore able to terminate their business relationships with us upon the expiration of our service contracts.

There is no assurance that our major customers will maintain business relationships with us in the future. If any of our major customers were to substantially reduce the volume and/or value of services procured from us or terminate their contracts with us for any reason, we may not be able to obtain business from other customers to replace any such loss of revenue on comparable terms or at comparable levels, or at all. On 27 September 2016, a pedestrian was struck by one of our refuse compaction vehicles, which was being operated by a driver employed by us to perform refuse collection and waste disposal services for Customer A. As

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## RISK FACTORS

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the incident occurred only recently and the legal proceedings against the said driver were still ongoing as at the Latest Practicable Date, we are unable to anticipate the impact, if any, that such fatal accident may have on our status as a tenderer for contracts awarded by Customer A in the future. We expect revenue generated from contracts with government sector customers to continue to account for a significant portion of our total revenue in the near future. Accordingly, any delay, decrease or suspension in government spending on environmental cleaning services, or failure on our part to diversify the composition of our existing customer portfolio to include more private sector customers may hinder our growth and expansion plans. In addition, any adverse change in our relationships with our major customers may significantly reduce the level of services required from us. Any of the foregoing events may have a material adverse effect on our business, financial condition, results of operations and profitability.

***A significant portion of our business is non-recurring in nature, and there is no guarantee that our existing customers will engage us in the future.***

A significant portion of our business operates on a non-recurring, project-by-project basis. We do not have long-term commitments with any of our major customers, particularly government sector customers, as such customers generally award contracts through a tendering process. Tender contracts generally have a term of one to two years. Occasionally our customers may engage us for a longer term of five years. As tender contracts are awarded through a competitive tendering process, we are required to re-submit tender proposals upon expiration of the tender contracts. As such, there can be no guarantee that we will be able to generate recurring business from, or that we will continue to be awarded tender contracts by, our customers.

Moreover, we receive requests from a significant number of private sector customers for one-off cleaning services. These customers include small businesses and private contractors. The one-off cleaning services that we provide to such customers are non-continuous in nature and generally involve a relatively limited scope of services and amount of resources, less time commitment, and smaller service fees. As a number of customers may engage us to provide one-off, non-continuous services, there may be significant fluctuations in the number of our private sector customers from year to year. There can be no guarantee that we will be able to maintain a similar level, or increase the volume, of business from one-off private sector customers. Failure to do so may materially and adversely affect our business, financial condition and results of operations.

***An increase in labour costs or a labour shortage may adversely affect our profitability.***

As an environmental cleaning solutions provider, our business operations are labour intensive. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, our direct labour costs amounted to HK\$230.4 million, HK\$262.3 million and HK\$156.1 million, respectively, accounting for 83.1%, 84.9% and 83.9% of our total cost of sales, respectively. We expect our direct labour costs to continue to represent a significant percentage of our total cost of sales.

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We operate our business in Hong Kong, and all of our employees are employed in Hong Kong. As such, we are subject to the Minimum Wage Ordinance, which increased the statutory minimum wage from HK\$30.0 per hour to HK\$32.5 per hour with effect from 1 May 2015, which will be further increased to HK\$34.5 with effect from 1 May 2017. See “Regulatory Overview – Regulations in Hong Kong – Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)” for more information. There is no assurance that the HK Government will not further increase the statutory minimum wage in the future. Any increase in the statutory minimum wage may increase our cost of sales, which may materially and adversely affect our business, financial position, results of operations and profitability.

In addition, according to the F&S Report, the average wage of workers in the environmental cleaning services industry in Hong Kong has been on a general upward trend. Specifically, the average wage of workers in the environmental cleaning services industry increased from HK\$5,599 per month in 2010 to HK\$8,162 per month in 2015, representing a CAGR of 7.8%, according to the F&S Report. We cannot assure you that our direct labour costs will not increase due to an increase in the average wage of workers in the environmental cleaning services industry in Hong Kong. If we are unable to pass on these increased labour costs to our customers, our financial condition, results of operations and profitability may be materially and adversely affected.

Moreover, some of our tender contracts include penalty provisions for manpower shortages, subjecting us to penalties if we do not staff sufficient manpower as stipulated in the relevant tender contract. If we experience any labour shortages, we may be unable to deliver quality services or otherwise meet our contractual obligations, or we may face penalties for such shortages.

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, our average monthly staff turnover rates were approximately 9.2%, 9.1% and 6.5%, respectively. Our Directors believe that the staff turnover rates are relatively low as compared to the average monthly staff turnover rate ranging from 10.0% to 15.0% in the industry in 2015 according to the F&S Report. During the Track Record Period, we did not experience any labour shortage that resulted in a material delay in our service schedule. However, we cannot guarantee that we will not experience a labour shortage in the future, nor can we guarantee that our service schedule will not be negatively affected as a result. A labour shortage may materially and adversely affect our business, financial condition, results of operations and profitability.

***We are exposed to legal claims relating to personal injuries, loss of life, and loss or damage to real or personal property.***

Our employees may be required to undertake certain tasks, including:

- use of cleaning chemicals such as bleach and detergents;
- working in confined spaces;
- use of pest control chemicals;



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## RISK FACTORS

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- working at height;
- operation of cleaning machinery and equipment such as vacuum cleaners and hot water high pressure cleaners; and
- operation of vehicles, including specialised vehicles which may be large and heavy-duty.

Our employees are required to follow internal work safety guidelines. See “Business – Occupational Health and Safety – Our Safety Management System and Safety Consultant.” We cannot guarantee that our employees will fully comply with the safety measures we set out during their execution of the above tasks or any other tasks, and if they do not, there may be heightened incidents of personal injuries, property damages or fatal accidents. Moreover, if any of our employees fail to comply with our safety measures, engage in misconduct or violate any codes, ordinances, laws or regulations while performing services in the course of their employment with us, we may be held vicariously liable for, or face legal proceedings in connection with, the negligent actions of such employees.

Employees who suffer bodily injury or death as a result of accidents or contract occupational diseases arising out of and in the course of their employment are entitled to damages under the Employees’ Compensation Ordinance and the applicable common law. During the Track Record Period and as at the Latest Practicable Date, we resolved 16 legal claims with an aggregate settlement amount of approximately HK\$2.3 million. Furthermore, we settled 241 employees’ compensation claims, 146 of which were covered by our employees’ compensation insurance. The subject workers of these incidents (including those already settled by insurance) may still pursue personal injury claims against us under the applicable common law. We may also face claims from third parties from time to time, including those who suffer personal injuries at premises where we provide services or as a result of our employees’ actions. On 27 September 2016, we recorded one fatal accident which occurred when a pedestrian was struck by one of our refuse compaction vehicles operated by a driver employed by us. As at the Latest Practicable Date, the said driver was charged with traffic offences and the legal proceedings were still ongoing. Our Hong Kong Legal Counsel has advised us that based on the limited information currently available, subject to further findings from the police investigation as well as to the initiation of any future legal proceedings, and absent any letter of claim for compensation or damages received by us as at the Latest Practicable Date: (i) the driver is likely to be found to have been driving in a negligent manner; (ii) if the driver was found to have been acting within the scope of his employment with us at the time of the accident, we would likely be vicariously liable for the negligence of the driver in any potential claim that may arise from the fatal accident; and (iii) the deceased’s personal representative and/or dependants, if any, may initiate a negligence claim against us and/or the driver of our refuse compaction vehicle. While we had not received any claim relating to this fatal accident as at the Latest Practicable Date, we can give no assurance that we will not face any legal proceeding at a later date. See “Business – Compliance and Legal Proceedings – Legal Proceedings – Material potential legal proceeding.” We expect that we will continue to face personal injury claims in the ordinary course of our business operations. Defending against or negotiating settlement of such claims may result in significant expenses or require us to expend a considerable amount of management and other resources.

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## RISK FACTORS

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***Our insurance policies may not adequately cover all the potential losses arising from our operations.***

We may face claims from third parties from time to time due to personal injuries, losses or damages to real or personal property, or even fatal accidents. We maintain public liability insurance on a joint-name policy basis for us and our customers, which contains a “cross liability clause” to cover us and our customers against accidental death or bodily injury to any third party, and accidental loss of or damage to real or personal property arising from our service performance. We are generally responsible for the first HK\$20,000, or 20% of the loss or damage to real or personal property, whichever is greater in respect of each claim. In case of third-party death or bodily injury, we are generally responsible for the first HK\$20,000 to HK\$50,000 for each claim. As at the Latest Practicable Date, the maximum indemnity limit of our public liability insurance was HK\$35.0 million per event. We also maintain commercial vehicle insurance to cover all of our vehicles in compliance with the applicable rules and regulations. As at the Latest Practicable Date, the maximum indemnity limit of our commercial vehicle insurance was HK\$100.0 million per event for third-party death or bodily injury, and HK\$1.0 million per event for third-party property damage.

Furthermore, our business operations involve certain risks, such as war, fire, earthquake, flood, explosion, disease outbreak and other acts of God, which may result in significant costs or cause business disruptions. Our insurance policies may not cover all of our risks or payments, and our insurers may not fully compensate us for all potential losses, damages or liabilities relating to our staff, our properties, our business operations, or third parties. In addition, regardless of the insurance coverage or the merits of our case, we may need to spend resources and incur costs to resolve these claims, our reputation in the environmental cleaning services industry may be harmed, and we may be required to divert our management’s resources and attention from our business operations. Our business, results of operations, financial condition and profitability may therefore be materially and adversely affected.

***If we fail to meet the requirements of our contracts or quality standards of our services, we may incur liquidated damages and additional costs and may experience delays or difficulties in collecting performance deposits or surety bonds.***

Our customers typically require us to complete services according to a fixed schedule by an agreed date. In addition, our government sector customers may require us to provide performance deposits or surety bonds in advance and at the time of entering into a tender contract to secure due performance of our services. The performance deposits or surety bonds may be claimed by our customers if our services fail to meet the standards as specified in the service contracts. See “Business – Customers, Pricing Policy and Contracting – Our Service Contracts” for details. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, our deposit receivable amounted to HK\$2.5 million, HK\$3.4 million and HK\$3.5 million, respectively, accounting for 66.3%, 37.3% and 36.2% of our total prepayments, deposits and other receivables, respectively. If we fail to perform services in a timely manner or as stipulated in our service contracts, or if we fail to meet the quality standards of our services, we may be liable to compensate our customers for losses or damages

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## RISK FACTORS

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caused by delays or nonperformance. Moreover, our customers may be entitled to withhold or retain the performance deposits or surety bonds issued by us. Any failure to collect our performance deposits or surety bonds on a timely basis, or at all, may have a material and adverse effect on our cash flow and working capital, which may materially and adversely affect our business, financial condition, results of operations and liquidity.

***We rely on third-party workers procured through suppliers to perform some of the services that we provide to private sector customers and may be held responsible for their substandard services to our customers.***

Depending on our resource capacity planning and the nature of the services to be provided, we determine whether to procure third-party workers through suppliers to perform a specific service, such as external wall and window cleaning, for private sector customers, subject to customer approval. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, our third-party labour costs amounted to HK\$10.5 million, HK\$8.9 million and HK\$7.2 million, respectively, accounting for 3.8%, 2.9% and 3.9% of our total cost of sales, respectively. We may not be able to monitor the quality of services provided by third-party workers as directly and efficiently as the quality of services provided by our own staff. These third-party workers may take actions contrary to our instructions or requests, or be unable or unwilling to fulfil their obligations in accordance with our agreements. As a result, we may have disputes with our third-party workers or receive complaints regarding the services provided by them. Furthermore, we may be held responsible for any substandard services that are provided by third-party workers to our customers. Any of the foregoing incidents could result in additional expenses, disrupt our business operations, and potentially expose us to legal proceedings, which may in turn materially and adversely impact our financial condition and results of operations as well as damage our customer relationships and reputation.

In addition, as we rely mostly on our own staff to provide cleaning services, we do not maintain long-term contractual relationships or enter into formal service agreements with our suppliers for the procurement of third-party workers. Instead, we typically send a purchase order to or solicit a price quote from our suppliers setting forth the scope of services, service schedule, service fees, insurance and payment terms. See “Business – Suppliers” for details. As we do not form any formal contractual relationship with our suppliers for the procurement of third-party workers, such suppliers may terminate services at any time, and we may not be able to locate alternative sources for third-party workers in a timely manner or at commercially reasonable terms, or at all. In such an event, our financial condition and results of operations may be materially and adversely affected.

***We may incur substantial indebtedness in the future, which may adversely affect our financial health.***

Our operating cash flow may not be sufficient to meet our anticipated operating expenses as they become due. As such, we may from time to time incur indebtedness in order to fund our working capital needs. Our total bank borrowings as at 31 March 2015 and 2016, 30 September 2016 and 31 January 2017 (which is the latest practicable date for determining our

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## RISK FACTORS

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indebtedness) amounted to HK\$32.0 million, HK\$44.5 million, HK\$26.7 million and HK\$34.8 million, respectively. See “Financial Information – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments” for details. Accordingly, we may be required to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing our available cash flow to fund future working capital requirements, capital expenditure or other general corporate purposes. Moreover, any substantial indebtedness may place us at a competitive disadvantage compared to those of our competitors that have less debt, limit our ability to borrow additional funds in the future, and increase the cost of additional financing. Any of the foregoing events could hinder our ability to expand our business operations and growth, which in turn would have a material adverse effect on our financial condition and prospects.

***We had negative net cash flow from operating activities for the six months ended 30 September 2016, and if we continue to record negative operating cash flows in the future, our liquidity and financial condition may be materially and adversely affected.***

We had negative net cash flow from operating activities of HK\$6.7 million for the six months ended 30 September 2016. Such negative net cash flow from operating activities was primarily attributed to the increase in trade receivables of HK\$24.3 million, which was mainly caused by the addition of five new tender contracts for street cleaning solutions with Customer A secured during the six months ended 30 September 2016. We cannot assure you that we will be able to continue to generate positive cash flows from operating activities in the future. Our liquidity and financial position may be materially and adversely affected by negative net cash flows, and we cannot assure you that we will have sufficient cash from other sources to fund our operations. If we resort to other financing activities to generate additional cash, we will incur financing costs, and we cannot guarantee that we will be able to obtain the financing on terms acceptable to us, or at all.

***We may be unable to collect fees from our customers in a timely manner, or at all.***

Our fee collection and time for profit recognition depend on the terms of the service contracts and may be irregular. As such, there can be no assurance that we can effectively estimate or maintain the profitability of our service contracts at any particular level. We generally allow a credit period of zero to 60 days for our customers. Our trade receivable turnover days were 44 days, 42 days and 47 days for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, respectively. For details, see “Financial Information – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Selected Items of the Consolidated Statements of Financial Position – Trade receivables.” The process of collecting payments can be time-consuming and require additional resources. Our inability to collect fees in a timely manner, or at all, in the future may materially and adversely affect our business, financial condition, results of operations and liquidity.

***We may have difficulty in managing our future growth.***

We recorded revenue of HK\$316.3 million, HK\$347.0 million and HK\$208.4 million for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, respectively. To continue our growth and business expansion, we may need to take calculated

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## RISK FACTORS

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risks from time to time. Furthermore, our operations require a significant amount of financing. We use our working capital for the employment of labour force and the purchase of cleaning machinery and equipment as well as specialised vehicles. Some of our customers may require us to provide performance deposits or surety bonds upfront upon conditional acceptance of our tender proposals and prior to receiving any payment from our customers. As salaries for our staff are payable on a monthly basis while our customers are generally granted a credit period ranging from zero to 60 days, we are required to maintain sufficient funds to pay staff salaries as they become due. We therefore require substantial working capital to take on new projects and expand our business operations in the future. The success and continuation of our business operations and growth depend on our effective management of the resulting risks by, among others:

- improving our operational, financial and management systems;
- developing skills of our management team;
- training, motivating, managing and retaining our employees;
- enhancing our risk monitoring to assess the financial condition and business potential of new and existing customers;
- managing our liquidity position while committing substantial resources to market expansion, business development and service development efforts; and
- managing the increased complexity and costs associated with expanded operations, which may divert our resources and require more capital commitment.

We cannot assure you that our systems, procedures, control measures, personnel and expertise will be adequate to support our future growth. Failure to achieve any of the foregoing, or manage the risks and uncertainties created by measures to achieve the foregoing, could materially and adversely affect our business, financial condition, results of operations and prospects.

***Potential standard working hours legislation may increase our labour costs and affect our profitability.***

Hong Kong has no legislation regarding maximum working hours. On 26 November 2012, the Labour Department released the Report of the Policy Study on Standard Working Hours. The HK Government also set up the Standard Working Hours Committee (the “**SWHC**”) in April 2013. The SWHC is responsible for conducting in-depth discussion on standard working hours and advising the HK Government on the working hours situation in Hong Kong, including whether the HK Government should consider a statutory standard working hours regime.

Whether the HK Government will implement a statutory standard working hours regime continues to be an uncertainty. A statutory standard working hours regime may result in an increase in our labour costs as we may incur additional costs to compensate for overtime work.

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As we generally agree to a fixed and pre-determined price with our customers, we may not be able to pass on the increased labour costs to our customers. Therefore, our financial condition, results of operations and profitability could be materially and adversely affected.

***Potential cancellation of the MPF Offsetting Arrangement may result in an increase in our direct labour costs.***

Under the current MPF legislation, an employer is entitled to apply for an offset of the employee severance payments and long service payments, deductible from the accrued benefits derived from the employer's MPF contributions (the "MPF Offsetting Arrangement"). See "Regulatory Overview – Regulations in Hong Kong – Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)" for more information. Pursuant to the 2017 Policy Address issued by the HK Government, the HK Government proposes to progressively abolish the MPF Offsetting Arrangement with the following three key elements: (i) the said abolition will have no retrospective effect; (ii) the amount of severance payments or long service payments payable for an employment period from the abolition date will be adjusted downwards from the existing entitlement of two-thirds of one month's wages to half a month's wages as compensation for each year of service, and (iii) the HK Government will share part of the expenses on severance payments or long service payments in the ten years after the abolition date to help employers, especially the small and medium enterprises. If the MPF Offsetting Arrangement is abolished or revised in the future, we would incur additional costs, which may be difficult to anticipate. In such an event, our direct labour costs may increase, which may materially and adversely affect our results of operations, financial condition and profitability.

***Loss of key management or the ability to attract and retain suitable staff for our operations may have a negative impact on our business.***

Our success is, to a significant extent, attributable to the leadership and contributions of our management team, particularly Mr. C.S. Wong and Mr. M.S. Wong, our co-founders and executive Directors. Our continued success is therefore dependent to a large extent on our ability to retain the services of our management team. Any unanticipated departure of members of the management team without any suitable replacement may have a material and adverse impact on our business, results of operations and profitability.

Furthermore, we may be affected by a shortage of skilled staff in the environmental cleaning services industry. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, our average monthly staff turnover rates were 9.2%, 9.1% and 6.5%, respectively. If our average monthly staff turnover rate increases in the future, our business and results of operations may be materially and adversely affected.

***Our internal control system and occupational health and safety system may not fully protect us from various risks inherent in our business.***

We have established an internal control system and an occupational health and safety system consisting of framework policies, risk management policies and risk control procedures to manage our risk exposures such as operational risks and personal injury claims. However,

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we may not be successful in implementing these measures effectively. While we seek to continue to enhance our internal control system and occupational health and safety system from time to time, there is no guarantee that these systems are adequate or effective in managing our exposure to, or protecting us against, unanticipated risks, and any failure to identify any potential risks or internal control deficiencies may have a negative impact on our financial condition and results of operations.

*Damage to our brand name or failure to protect our brand name may affect the attractiveness of our services.*

Our business is sensitive to customers' perception of the safety and quality of our services. We believe that the reputation and brand name that we have built up over the years play a significant role in enabling us to attract customers and secure contracts. If we fail to do so or if our customers no longer perceive our services to be of high quality, our reputation and brand name could be damaged, and our business and financial condition may be materially and adversely affected.

*We may not be able to adequately protect our intellectual property, which may adversely affect our business and results of operations.*

As at the Latest Practicable Date, we had registered our trademark, “**MS**” in Hong Kong. This trademark is displayed on the uniforms of our operations staff and our vehicles to promote and foster our corporate image. We are also the registrant of the domain name [www.manshing.com.hk](http://www.manshing.com.hk). Our efforts to maintain and protect our intellectual property may not be sufficient. Third parties may infringe upon our intellectual property, which could have a material and adverse effect on our business, financial condition and results of operations. We may from time to time be involved in litigations to protect and enforce our trademark and other intellectual property rights, and to protect our trade secrets. Such litigations could result in substantial cost and diversion of resources, which may negatively affect our operations, profitability and prospect. Moreover, even if any of such litigations is resolved in our favour, we may not be able to successfully enforce the judgment and remedies awarded by the court, and such remedies may not be adequate to compensate us for our actual or anticipated related losses, whether tangible or intangible. In such an event, our reputation and financial performance may be adversely affected.

### RISKS RELATING TO OUR INDUSTRY

*We face intense competition and may lose market share if we fail to compete successfully.*

We operate in a highly competitive industry. According to the F&S Report, the environmental cleaning services industry is highly fragmented, with a total of 1,140 environmental cleaning services providers in Hong Kong in 2015. We face competition in respect of pricing, service quality, brand recognition and reputation. Some of our competitors may have greater capital resources, stronger market positions, better track records, and larger as well as more established customer bases than we do. In addition, some of our competitors

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## RISK FACTORS

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may offer similar services, or a broader range of ancillary services, at more competitive prices. There is no assurance that we will be able to compete successfully against our competitors in the future. If we are unable to maintain our market position as a result of increased competition, our business, financial condition and results of operations may be materially and adversely affected.

***Adverse changes in the social, political, economic and legal environment in Hong Kong may have an impact on our performance and financial condition.***

All of our operations are based in Hong Kong. Accordingly, our business, financial condition, results of operations and prospects may be adversely affected by any instability, especially if significant and prolonged, in the local environment which may arise from events beyond our control, such as:

- natural disasters, acts of God, terrorist attacks or a breakdown in the transportation system, which may disrupt our operations;
- epidemics such as severe acute respiratory syndrome, or SARS, strains of avian influenza, the human swine influenza A (H1N1), the Influenza A virus (H5N1) and the Avian Influenza A (H7N9);
- changes in government policies, laws or regulations, which may place additional restrictions or burdens on us or our industry in general; or
- any significant slowdown, recession or other adverse developments in the social, political, economic or legal environment which may lead to declines in the number of new properties being developed and in the spending power of our existing or potential customers, which could reduce demand for our services.

### RISKS RELATING TO THE SHARE OFFER

***There has been no prior public market for our Shares.***

Prior to the Listing, there has been no public market for our Shares. The Offer Price was determined by negotiation between us and the Sole Global Coordinator, and the price at which the Shares are traded after the Listing may decline below the Offer Price, which means that there may be a decrease in the value of the Shares regardless of our operating performance or prospects. We have applied to the Stock Exchange for the Listing. However, there is no assurance that the Listing will result in the development of an active and liquid public trading market for the Shares. If an active market for the Shares does not develop after the Listing, the market price and the liquidity of our Shares may be adversely affected.

***The liquidity and market price of our Shares following the Share Offer may be volatile.***

The liquidity and market price of our Shares may be volatile. Factors that may affect the volume and price at which our Shares will be traded include, among others, variations in our revenue, earnings, cash flows, announcements of new investments and changes in laws and



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## RISK FACTORS

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regulations in Hong Kong. We can give no assurance that these developments will not occur in the future. In addition, shares of other companies listed on the Stock Exchange with significant operations and assets in Hong Kong have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

***Future sale of Shares or major divestment of Shares by any major Shareholder may affect our Share price.***

Except as otherwise described in the section headed “Underwriting” in this prospectus, there are no restrictions imposed on our Controlling Shareholders which will prevent them from disposal of their Shares. After any person has acquired or subscribed for Shares and become a major Shareholder, any major disposal of Shares by any such major Shareholder may cause the market price of our Shares to fall. In addition, any disposal of Shares by any major Shareholder may make it more difficult for us to issue new Shares in the future at a time and price we deem appropriate, thereby limiting our ability to raise capital.

***Investors in the Share Offer may experience dilution if we issue additional Shares in the future, which may decrease our Share price.***

To expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of our Shares may experience further dilution in the net tangible assets per Share if we issue additional Shares in the future at a price lower than the net tangible assets per Share.

Any issuance of equity securities after this Share Offer may dilute the interests of the existing Shareholders and may substantially decrease the Share price. We may issue equity securities in the future for a number of reasons, including to finance our operations and business strategies (including in connection with acquisitions and other transactions), to adjust our debt-to-equity ratio, to satisfy our obligations upon the exercise of outstanding warrants or options or for other reasons.

***Adverse effect associated with the Share Option Scheme will cause dilution to your shareholding in our Company.***

Issuance of Shares for the purpose of satisfying any award made under the Share Option Scheme and/or pursuant to the exercise of the options to be granted under the Share Option Scheme will cause dilution to the earnings per Share and the net asset value per Share because of the increase in the number of Shares in issue after the issuance.

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## RISK FACTORS

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### *Our Share price could decline.*

Our future operating results may be below your expectations. Any shortfall could cause a decline in our Share price. In addition, our Share price may be adversely affected by factors such as:

- variations of our results of operations;
- investors' perceptions of us and the general investment environment;
- changes in policies and developments relating to the industry in which we operate;
- changes in pricing policies adopted by us or our competitors;
- announcements of significant acquisitions, strategic alliances or joint ventures;
- fluctuations in stock market and trading volume;
- our involvements in litigation;
- recruitments or departures of our key personnel;
- changes in government policies and regulations; and
- general market and economic conditions.

Further, in recent years, stock markets in general and the shares of companies have experienced price and volume fluctuations, some of which were unrelated or did not fully correspond to the operating performance of such companies. These broad market and industry fluctuations may adversely affect our Share price. As such, we cannot assure you that our Share price will not decline.

### *Our interests may conflict with those of our Controlling Shareholders, who may take actions that are not in, or may conflict with, our public Shareholders' best interests.*

Upon completion of the Share Offer, the Controlling Shareholders will own, in aggregate, 61.5% of the Shares in issue as enlarged by the issue of the Offer Shares and the Capitalisation Issue. As such, the Controlling Shareholders have and will continue to have the ability to exercise a controlling influence over our business, including matters relating to our management and policies and certain matters requiring the approval of our Shareholders, including election of Directors, approval of significant corporate transactions and the timing and distribution of dividends. They will also have veto power with respect to any Shareholders' action or approval requiring a majority vote. The Controlling Shareholders may take actions that you may not agree with or that are not in our public Shareholders' best interests. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, discouraging bids for the Shares at a premium over the market price or adversely affecting the market price of our Shares.

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## RISK FACTORS

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***We cannot guarantee whether, when and in what form we will pay dividends.***

The declaration of dividends is proposed by our Board and subject to our Shareholders' approval. Future dividends, if any, will be at the discretion of the Board and will depend upon our future results of operations, capital requirements, general financial condition, legal and contractual restrictions and other factors that the Board may deem relevant. As a result, we cannot guarantee whether, when and in what form we will pay dividends in the future. Though we have paid dividends in the past, details of which are stated in "Financial Information – Dividends" there is no assurance that dividends will be distributed at all or in any particular form.

***You may face difficulties in protecting your interests because we are incorporated under Cayman Islands laws, which provide protection to minority Shareholders differently compared to the laws of Hong Kong and other jurisdictions.***

Our Company was incorporated under Cayman Islands laws. Our corporate affairs are governed by the Memorandum and the Articles and by the Companies Law and common law of the Cayman Islands. Relevant Cayman Islands laws relating to the protection of the interests of minority Shareholders differ in some respects from those established under statutes and judicial precedents in existence in Hong Kong and other jurisdictions. For example, Cayman Islands laws provide to the minority shareholders the remedies established under common law principles but do not have a statutory equivalent of sections 724 and 725 of the Companies Ordinance which provide a remedy for shareholders who have been unfairly prejudiced by the conduct of corporate affairs. Please see "Appendix III – Summary of the Constitution of our Company and Cayman Islands Companies Law." As a result, you may face difficulties in protecting your interests under the applicable Cayman Islands laws.

***You may not be able to bring actions on the basis of violations of the GEM Listing Rules.***

Although we will be subject to the GEM Listing Rules (which do not have the force of law) upon the Listing of our Shares on GEM, the Shareholders will not be able to bring actions on the basis of violations of the GEM Listing Rules and must rely on the Stock Exchange to enforce the GEM Listing Rules. Furthermore, the Takeovers Code do not have the force of law and provide only standards of commercial conduct considered acceptable for takeover and merger transactions and share buy-backs in Hong Kong. As such, you may not be able to bring actions on the basis of violations of the GEM Listing Rules.

***Investors should not place reliance on any information released by us other than this prospectus, or any information contained in press or other media in making your investment decisions.***

There has been and will be press coverage regarding our business operations and the Share Offer. We make no representation and do not accept any responsibility for any such coverage or the appropriateness, accuracy, completeness or reliability of any such information. If any such information is inconsistent or conflicts with the information contained in this prospectus, we expressly disclaim any liability associated therewith and any loss or damage howsoever incurred as a result of reliance thereon. Accordingly, prospective investors should not rely on any of such information in making investment decisions.

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## RISK FACTORS

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*We have not independently verified statistics and facts in this prospectus.*

This prospectus includes certain statistics and facts that have been extracted from government official sources and publications or other sources. We can guarantee neither the quality nor the reliability of such source materials. We, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors or any other parties involved in the Share Offer have not independently verified these statistics and facts from these sources. Therefore, we make no representation as to the accuracy or completeness of these statistics and facts, which may not be consistent with other information compiled within or outside Hong Kong. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies, and you should not rely upon them. Furthermore, there is no assurance that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such statistics or facts.

*Forward-looking statements contained in this prospectus are subject to risks and uncertainties.*

This prospectus contains certain forward-looking statements relating to us that are based on the beliefs of our management and assumptions made and information currently available to our management. When used in this prospectus, the words “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “going forward,” “intend,” “may,” “ought to,” “plan,” “potential,” “project,” “seek,” “should,” “will,” “would” and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. These statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As such, you should not place undue reliance on such forward-looking statements and information.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

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### **DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS**

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information to the public with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief:

- the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive;
- there are no other matters the omission of which would make any statement herein or in this prospectus misleading; and
- all opinions expressed in this prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

Copies of this prospectus required by the GEM Listing Rules and the Companies (WUMP) Ordinance are available, for information purposes only, during normal office hours from 9:00 a.m. to 5:00 p.m. at the offices of the Public Offer Underwriters from 9:00 a.m., Thursday, 30 March 2017 to 12:00 noon, Wednesday, 5 April 2017 (both dates inclusive). For the office addresses of the Public Offer Underwriters, see “How to Apply for Public Offer Shares – Overview – 3. Applying for Public Offer Shares – Where to collect the Application Forms” on pages 270 and 271 of this prospectus.

### **INFORMATION ON THE SHARE OFFER**

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus. No person is authorised in connection with the Share Offer to give any information, or to make any representation, not contained in this prospectus. Any information or representation not contained herein shall not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, officers, agents, employees, affiliates and/or representatives or any other person or parties involved in the Share Offer.

### **FULLY UNDERWRITTEN**

This prospectus is published solely in connection with the Share Offer which is sponsored by the Sole Sponsor and is managed by the Sole Global Coordinator. The Offer Shares are fully underwritten by the Underwriters (subject to the terms and conditions of the Underwriting Agreements and also subject to the Offer Price being fixed pursuant to the Price Determination Agreement). Further information relating to the Underwriters and the Share Offer and underwriting arrangements is set out in the section headed “Underwriting” in this prospectus.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

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### **DETERMINATION OF THE OFFER PRICE**

The Offer Shares are being offered at the Offer Price, which is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Thursday, 6 April 2017.

If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company by Thursday, 6 April 2017, the Share Offer will not become unconditional and will lapse.

### **OFFER SHARES TO BE OFFERED IN HONG KONG ONLY**

No action has been taken to permit the offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstance in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

Prospective applicants for the Offer Shares should consult their financial advisers and take legal advice, as appropriate to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

Each person subscribing for or purchasing the Offer Shares will be required to, or is deemed by his subscription or purchase of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not subscribing for, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

### **APPLICATION FOR LISTING ON GEM**

Application has been made to the Stock Exchange for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to the Share Offer including any Shares which may be issued pursuant to the Capitalisation Issue and any Shares which fall to be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or of any options which may be granted under the Share Option Scheme. No part of the Share or the loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at least 25% of the total issued share capital of our Company must at all times be held by the public. Accordingly, a total of 150,000,000 Offer Shares, which represent 25% of the enlarged issued share capital of our Company immediately following completion of the Share Offer and the Capitalisation Issue

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

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(without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or of any options which may be granted under the Share Option Scheme) will be made available to the public under the Share Offer.

Under section 44B(1) of the Companies (WUMP) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on GEM is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to us by the Stock Exchange.

Only securities registered on the branch register of members of our Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

### **ELIGIBILITY FOR ADMISSION INTO CCASS**

Subject to the approval of the listing of, and permission to deal in, our Shares on GEM and compliance of the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **REGISTER OF MEMBERS**

Our Company's principal register of members will be maintained by our principal share registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands and our Company's Hong Kong branch register of members will be maintained by our Hong Kong branch share registrar, Tricor Investor Services Limited, in Hong Kong.

Unless we determine otherwise, dividends will be paid in Hong Kong dollars to our Shareholders, as recorded in our branch register of members, by ordinary post at our Shareholders' risk, to the registered address of each Shareholder.

### **STAMP DUTY**

Dealings in the Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. Dealings in the Shares registered on our principal register of members in the Cayman Islands will not be subject to Cayman Islands stamp duty unless our Company holds an interest in land in the Cayman Islands.

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## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

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### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to the taxation implications in relation to subscribing for, purchasing, holding or disposing of, and dealing in our Shares (or exercising rights attaching to them). It is emphasised that none of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters, any of their respective directors, agents, advisers, employees, personnel or any other person involved in the Share Offer accepts responsibility for the tax effects or liabilities resulting from the subscription for, purchase, holding or disposing of, dealing in our Shares, or the exercise of any rights attaching to our Shares.

### **STRUCTURE OF THE SHARE OFFER**

Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

### **LANGUAGE**

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.

### **ROUNDING**

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items. When information is presented in thousands or millions of units, amounts may have been rounded up or down.

### **DEALING IN THE SHARES**

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Thursday, 13 April 2017, and Shares will be traded in board lots of 10,000 Shares.

The GEM stock code for the Shares is 8309.

Our Company will not issue any temporary documents of title. Delivery and payment for Shares dealt on GEM will be effected on the second Business Day following the transaction date. Only certificates for Shares registered on the branch share register of our Company will be valid for delivery in respect of transactions effected on GEM. If you are unsure about the procedures for dealing and settlement on GEM on which the Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisers.



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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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### DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Mr. Wong Chong Shing (黃創成)	Flat 2001, 20th Floor, Block C, Hiu Ching House, Hiu Lai Court, Hiu Kwong Street, Sau Mau Ping, Kowloon, Hong Kong	Chinese
Mr. Wong Man Sing (黃萬成)	Room 1906, 19th Floor, Chung Pik House, Tin Chung Court, Tin Shui Wai, New Territories, Hong Kong	Chinese
Mr. Wong Chi Ho (黃志豪)	Room 1906, 19th Floor, Chung Pik House, Tin Chung Court, Tin Shui Wai, New Territories, Hong Kong	Chinese
Mr. Chan Shing Yi Jacky (陳承義)	Ground Floor, Block 8, South View Villas, 4211 Tai Po Road, Tai Po Kau, Tai Po, New Territories, Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
Mr. Lee Pak Chung (李伯仲)	Flat G, 15th Floor, Fu On Yuen, 3 Chi Fu Road, Chi Fu Fa Yuen, Pok Fu Lam, Hong Kong	Chinese
Mr. Au-Yeung Tin Wah (歐陽天華)	Flat A, 15th Floor, Block 2, Robinson Heights, 8 Robinson Road, Hong Kong	Chinese
Mr. Chiu Ka Wai (招家煒)	Flat H, 16th Floor, Chi Sing Mansion, Tai Koo Shing, Quarry Bay, Hong Kong	Chinese

For further information, please refer to the section headed “Directors and Senior Management” in this prospectus.

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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### PARTIES INVOLVED IN THE SHARE OFFER

**Sole Sponsor**

**Changjiang Corporate Finance  
(HK) Limited**

Suite 1908, 19th Floor, COSCO Tower,  
183 Queen's Road Central,  
Central,  
Hong Kong

**Sole Global Coordinator,  
Joint Bookrunner and  
Joint Lead Manager**

**Changjiang Securities Brokerage  
(HK) Limited**

Suite 1908, 19th Floor, COSCO Tower,  
183 Queen's Road Central,  
Central,  
Hong Kong

**Joint Bookrunners and  
Joint Lead Managers**

**Aristo Securities Limited**

Room 101, 1st Floor,  
On Hong Commercial Building,  
145 Hennessy Road,  
Wanchai, Hong Kong

**Fortune (HK) Securities Limited**

35/F Office Tower, Convention Plaza,  
No.1 Harbour Road,  
Wanchai, Hong Kong

**Joint Lead Manager**

**Bluemount Securities Limited**

Flat C & D, 12th Floor,  
Hang Seng Tsuen Wan Building,  
289 Sha Tsui Road,  
Tsuen Wan, Hong Kong

**Legal advisers to our Company**

*As to Hong Kong Law:*

**Keith Lam Lau & Chan**

Solicitors, Hong Kong  
5th – 7th Floors,  
The Chinese Club Building,  
21-22 Connaught Road Central,  
Central, Hong Kong

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## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

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	<p><i>As to Cayman Islands Law:</i> <b>Maples and Calder (Hong Kong) LLP</b> 53rd Floor, The Center, 99 Queen's Road Central, Hong Kong</p>
<b>Legal advisers to the Sole Sponsor and the Underwriters</b>	<p><i>As to Hong Kong Law:</i> <b>Troutman Sanders</b> 34th Floor, Two Exchange Square, 8 Connaught Place, Central, Hong Kong</p>
<b>Reporting accountants</b>	<p><b>SHINEWING (HK) CPA Limited</b> <i>Certified Public Accountants</i> 43rd Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong</p>
<b>Independent industry consultant</b>	<p><b>Frost &amp; Sullivan (Beijing) Inc., Shanghai Branch Co.</b> Room 1018, Tower B, No. 500 Yunjin Road, Xuhui District, Shanghai, 200232, China</p>
<b>Internal control consultant</b>	<p><b>SHINEWING Risk Services Limited</b> 43rd Floor, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong</p>
<b>Receiving bank</b>	<p><b>Standard Chartered Bank (Hong Kong) Limited</b> 15/F, Standard Chartered Tower, 388 Kwun Tong Road, Kwun Tong, Hong Kong</p>

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## CORPORATE INFORMATION

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<b>Registered office</b>	Maples Corporate Services Limited PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
<b>Headquarters and principal place of business in Hong Kong</b>	Unit 10, 11/F., Trans Asia Centre, 18 Kin Hong Street, Kwai Chung, New Territories, Hong Kong
<b>Company's website</b>	<u><a href="http://www.manshing.com.hk">www.manshing.com.hk</a></u> <i>(information contained on this website of our Company does not form part of this prospectus)</i>
<b>Compliance officer</b>	Mr. Wong Chong Shing Flat 2001, 20th Floor, Block C, Hiu Ching House, Hiu Lai Court, Hiu Kwong Street, Sau Mau Ping, Kowloon, Hong Kong
<b>Company secretary</b>	Mr. Li Kin Hing, HKICPA (non-practising) Flat 6, 11/F., Chung Sing Building, 63 Chung Wui Street, Tai Kok Tsui, Kowloon, Hong Kong
<b>Authorised representatives (for the purpose of the GEM Listing Rules)</b>	Mr. Wong Chong Shing Flat 2001, 20th Floor, Block C, Hiu Ching House, Hiu Lai Court, Hiu Kwong Street, Sau Mau Ping, Kowloon, Hong Kong  Mr. Wong Man Sing Room 1906, 19th Floor, Chung Pik House, Tin Chung Court, Tin Shui Wai, New Territories, Hong Kong

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## CORPORATE INFORMATION

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<b>Audit committee</b>	Mr. Au-Yeung Tin Wah ( <i>Chairman</i> ) Mr. Lee Pak Chung Mr. Chiu Ka Wai
<b>Remuneration committee</b>	Mr. Chiu Ka Wai ( <i>Chairman</i> ) Mr. Lee Pak Chung Mr. Wong Man Sing
<b>Nomination committee</b>	Mr. Wong Chong Shing ( <i>Chairman</i> ) Mr. Chiu Ka Wai Mr. Lee Pak Chung
<b>Risk Management Committee</b>	Mr. Wong Chong Shing ( <i>Chairman</i> ) Mr. Lee Pak Chung Mr. Au-Yeung Tin Wah
<b>Compliance adviser</b>	Changjiang Corporate Finance (HK) Limited Suite 1908, 19th Floor, COSCO Tower, 183 Queen's Road Central, Central, Hong Kong
<b>Cayman Islands principal share registrar and transfer office</b>	Maples Fund Services (Cayman) Limited PO Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands
<b>Hong Kong branch share registrar and transfer office</b>	Tricor Investor Services Limited Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
<b>Principal bankers</b>	Citibank, N.A., Hong Kong Branch 50/F., Champion Tower, 3 Garden Road, Central, Hong Kong  Shanghai Commercial Bank Limited 12 Queen's Road Central, Hong Kong  Fubon Bank (Hong Kong) Limited Fubon Bank Building, 38 Des Voeux Road Central, Hong Kong

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## CORPORATE INFORMATION

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CTBC Bank Co., Ltd.  
Room 2801, 28/F,  
Two International Finance Centre,  
8 Finance Street,  
Central, Hong Kong

O-Bank Co., Ltd. (*formerly known as  
Industrial Bank of Taiwan Co., Ltd.*)  
Suites 3210-14, 32/F, Tower 6,  
The Gateway, Harbour City,  
Tsim Sha Tsui,  
Kowloon, Hong Kong

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## INDUSTRY OVERVIEW

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*The information that appears in this Industry Overview has been derived from an independent report prepared by Frost & Sullivan and reflects estimates of market conditions based on publicly available sources and trade opinion surveys. Our Directors believe that the sources of information contained in this Industry Overview are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Frost & Sullivan and set out in this Industry Overview has not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, any of the Underwriters or any other parties involved in the Share Offer or their respective directors, advisers and affiliates, and any other parties involved in the Share Offer make no representations as to its completeness, accuracy or fairness, and the information should not be unduly relied upon.*

### SOURCE OF INFORMATION

We commissioned Frost & Sullivan to conduct market research and analysis of the environmental cleaning services industry in Hong Kong and to prepare the F&S Report.

Frost & Sullivan is an independent global consulting firm established in New York offering industry research, market strategies, growth consulting and corporate training. Its industry coverage includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, as well as technology, media and telecommunication.

In compiling the F&S Report, Frost & Sullivan undertook both primary and secondary research methodologies. Primary research involved interviewing key stakeholders, industry experts and industry participants including companies using such services. Secondary research involved reviewing company reports, independent research reports and data within Frost & Sullivan's own research database.

We paid Frost & Sullivan a total of HK\$350,000 in fees and expenses for the preparation of the F&S Report, which we believe reflects the prevailing market rate. Our payment of such fee is not contingent upon the results of its research and analysis. We prepared this section based on the F&S Report so as to provide a comprehensive description of our industry for prospective investors.

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### ASSUMPTIONS FOR GROWTH AND FORECAST

The F&S Report was compiled based on the following assumptions:

- the economies of Hong Kong are assumed to maintain steady growth across the forecast period;
- the social, economic and political environment of Hong Kong are likely to remain stable in the forecast period; and
- market drivers such as growth of Hong Kong nominal GDP, stable increase of population, growing per capita disposable income and increasing public awareness for hygiene are expected to drive the growth of the environmental cleaning services industry in Hong Kong during the forecast period.

The following parameters are considered by Frost & Sullivan in the market sizing and forecast model:

- Hong Kong nominal GDP growth and inflation growth rate;
- Hong Kong population growth rate;
- Hong Kong per capita disposable income growth rate;
- growth in revenue of the environmental cleaning services industry in Hong Kong from 2010 to 2015;
- growth in the number of environmental cleaning services providers in Hong Kong from 2010 to 2015;
- growth in the number of customers for environmental cleaning services in Hong Kong from 2010 to 2015;
- growth in the number of workers in the environmental cleaning services industry in Hong Kong from 2010 to 2015;
- growth in the number of cleaning vehicles in the environmental cleaning services industry in Hong Kong from 2010 to 2015;
- growth in the monthly salary of workers in the environmental cleaning services industry in Hong Kong from 2010 to 2015; and
- the number of workplace injuries in the environmental cleaning services industry in Hong Kong from 2010 to 2015.



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### THE ENVIRONMENTAL CLEANING SERVICES INDUSTRY IN HONG KONG

#### *Overview*

Environmental cleaning services in Hong Kong include the following key service categories:

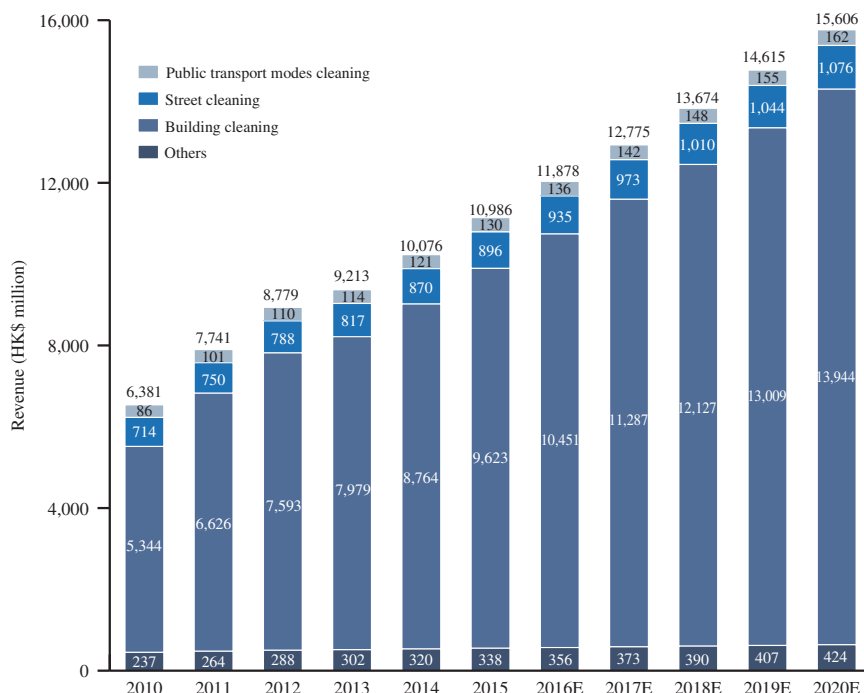
<u>Key service categories</u>	<u>Key services provided</u>	
Street cleaning	<ul style="list-style-type: none"><li>• Street sweeping and washing</li><li>• Refuse collection point cleaning</li><li>• Public area and recreational facility cleaning</li></ul>	<ul style="list-style-type: none"><li>• Public toilet cleaning</li></ul>
Building cleaning	<ul style="list-style-type: none"><li>• Office cleaning</li><li>• Floor and carpet cleaning</li><li>• Escalator and staircase cleaning</li></ul>	<ul style="list-style-type: none"><li>• Window cleaning</li><li>• Exterior wall cleaning</li><li>• Toilet cleaning</li></ul>
Public transport modes cleaning	<ul style="list-style-type: none"><li>• Public bus cleaning</li><li>• Public ferry cleaning</li><li>• Train cleaning</li></ul>	<ul style="list-style-type: none"><li>• Minibus cleaning</li><li>• Taxi cleaning</li><li>• Tramway cleaning</li></ul>
Other cleaning	<ul style="list-style-type: none"><li>• Post-construction cleaning</li><li>• Waste collection services</li><li>• Chemical and clinical waste disposal</li><li>• Confined space cleaning</li></ul>	<ul style="list-style-type: none"><li>• Stone floor maintenance</li><li>• Pest control and fumigation</li><li>• Car park cleaning</li></ul>

Revenue of the environmental cleaning services industry in Hong Kong grew at a CAGR of 11.4% from HK\$6.4 billion in 2010 to HK\$11.0 billion in 2015. Going forward, with the growing demand for environmental cleaning services, revenue of the environmental cleaning services industry in Hong Kong is expected to increase at a CAGR of 7.3% from HK\$11.0 billion in 2015 to HK\$15.6 billion in 2020.

## INDUSTRY OVERVIEW

### Segmentation by service category

The following chart illustrates revenue of the environmental cleaning services industry in Hong Kong by service category from 2010 to 2015 and the projected growth from 2016 to 2020:



Source: Frost & Sullivan

Building cleaning services, which include office cleaning, floor and carpet cleaning, escalator and staircase cleaning, window cleaning, exterior wall cleaning and toilet cleaning, accounted for the largest market share of 87.6% in terms of revenue in 2015. Going forward, revenue generated from building cleaning services is projected to increase at a CAGR of 7.7% from HK\$9.6 billion in 2015 to HK\$13.9 billion in 2020.

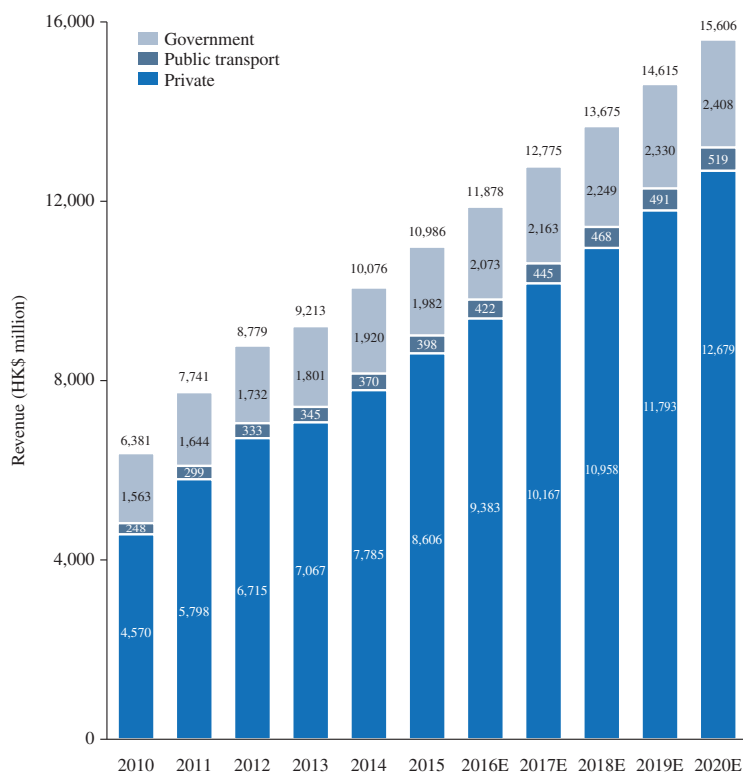
Street cleaning services, which include street sweeping and washing, refuse collection point cleaning, public area and recreational facility cleaning, as well as public toilet cleaning, accounted for the second largest market share of 8.2% in 2015, with revenue projected to achieve stable growth at a CAGR of 3.7% from HK\$896.0 million in 2015 to HK\$1.1 billion in 2020. Other cleaning services, which include post-construction cleaning, waste collection services, chemical and clinical waste disposal, confined space cleaning, stone floor maintenance, pest control and fumigation, as well as car park cleaning, accounted for the third largest market share of 3.1% in 2015, with revenue projected to achieve stable growth at a CAGR of 4.6% from HK\$338.0 million in 2015 to HK\$424.0 million in 2020. Public transport modes cleaning services, which include public bus cleaning, public ferry cleaning, train cleaning, minibus cleaning, taxi cleaning and tramway cleaning, accounted for the remaining market share of 1.2% in 2015, with revenue projected to achieve stable growth at a CAGR of 4.5% from HK\$130.0 million in 2015 to HK\$162.0 million in 2020.

## INDUSTRY OVERVIEW

### Segmentation by customer type

The Hong Kong environmental cleaning services industry is relatively mature. Major customers of the environmental cleaning services industry in Hong Kong include government sector, public transport sector and private sector customers.

The following chart illustrates revenue of the environmental cleaning services industry in Hong Kong by customer type from 2010 to 2015 and the projected growth from 2016 to 2020:



Source: Frost & Sullivan

Private sector customers, which include hotel operators, private property owners, property management companies and individual customers, accounted for the largest market share of 78.3% in terms of revenue contribution to the environmental cleaning services industry in 2015. Driven by the growing demand for environmental cleaning services as a result of the continued construction of new commercial and residential buildings in Hong Kong, revenue contribution from private sector customers is expected to increase rapidly at a CAGR of 8.1% from HK\$8.6 billion in 2015 to HK\$12.7 billion in 2020.

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## INDUSTRY OVERVIEW

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Government sector customers accounted for the second largest market share of 18.0% in 2015. In response to epidemics such as the 2003 outbreak of the Severe Acute Respiratory Syndrome (SARS), the HK Government has been promoting the importance of good hygiene practices to minimise the risk of further outbreaks. In recent years, the HK Government has put a particular focus on water environment and municipal solid waste treatment. As such, revenue contribution from government sector customers is projected to increase at a CAGR of 3.6% from HK\$2.0 billion in 2015 to HK\$2.4 billion in 2020.

Public transport sector customers, such as public bus and ferry companies, accounted for 3.7% of the market share in 2015. Driven by increasing service capacity of public transport operators, revenue contribution from public transport sector customers is projected to increase at a CAGR of 5.5% from HK\$398.0 million in 2015 to HK\$519.0 million in 2020.

### *Regulatory Environment*

Due to the labour-intensive nature and potential environmental impact of environmental cleaning services, companies that engage in environmental cleaning services are subject to extensive laws and regulations with respect to workplace safety, labour, and environmental protection. For example, the WDO sets forth the statutory framework for the planning, management and control of waste disposal in Hong Kong. The Waste Disposal (Charges for Disposal of Construction Waste) Regulation sets forth the billing account requirements for the removal and disposal of construction waste. The Minimum Wage Ordinance, the Employees' Compensation Ordinance and the Occupational Safety and Health Ordinance provide for extensive regulations with respect to labour protection and workplace safety.

### *Key Growth Drivers for the Environmental Cleaning Services Industry in Hong Kong*

#### **Increase in public awareness for hygiene and government spending on waste reduction**

The past occurrences of epidemics in Hong Kong, such as SARS, strains of avian influenza, the human swine influenza A (H1N1) and the Avian Influenza A (H7N9), have raised public awareness for hygiene. This has led to an increasing demand for environmental cleaning services that would aid in minimising the risk of further outbreaks.

In recent years, the HK Government has allocated HK\$500.0 million to set up waste electrical and electronic equipment processing facilities and five community green stations to encourage public participation in waste reduction and recycling. The HK Government has also planned to invest approximately HK\$30.0 billion in waste recycling and treatment facilities for the management of municipal solid waste. In addition, the HK Government introduced the Hong Kong Green Organisation Certification Scheme, pursuant to which a "Wastewi\$e Certificate" label is awarded to organisations that have achieved a prescribed quantity of waste reduction.

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## INDUSTRY OVERVIEW

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### **Growing demand from private sector companies**

In recent years, private sector companies have paid more attention to environmental issues such as garbage classification, waste recycling and the use of environmentally friendly materials. Certain private sector companies, such as major property management companies and hotel operators have placed increasing emphasis on becoming good corporate citizens and adopting better environmentally responsible practices, such as the sorting of recyclables and the use of environmentally friendly products. The increase in environmental awareness of the private sector companies enhances their demand for cleaner conditions and more hygienic environment, which in turn leads to a growing demand for cleaning services. Environmental cleaning services providers are likely to diversify their cleaning services in response to the increasing demand from private sector customers, which may in turn boost revenue contribution from private sector customers.

In addition, private sector companies typically require high-margin cleaning services such as building cleaning services and other cleaning services. Revenue contribution from private sector customers in the environmental cleaning services industry in Hong Kong increased at a CAGR of 13.5% from HK\$4.6 billion in 2010 to HK\$8.6 billion in 2015. This number is expected to reach HK\$12.7 billion in 2020, representing a CAGR of 8.1% from 2015.

### **Steady growth of the economy in Hong Kong**

Hong Kong experienced steady growth in recent years. Hong Kong's total GDP increased at a CAGR of 6.2% from HK\$1,776.3 billion in 2010 to HK\$2,402.5 billion in 2015. This growth is expected to continue its upward trend, with Hong Kong's total GDP estimated to grow at a CAGR of 4.7% from 2015 to 2020, respectively. The economic growth in Hong Kong has driven the development of the construction industry in Hong Kong, which in turn has continued to boost demand for environmental cleaning services.

The number of new residential buildings increased from 109 in 2010 to 283 in 2015, and is expected to further increase to a range of 380 to 430 by 2020. The number of new commercial and mixed residential/commercial buildings increased from 59 in 2010 to 129 in 2015, and is expected to further increase to a range of 160 to 190 by 2020. The increasing number of new buildings has driven the demand for environmental cleaning services from private sector customers, such as property owners and property management companies. The continued development of new buildings in Hong Kong, particularly residential buildings, is expected to continue to drive the demand for environmental cleaning services.

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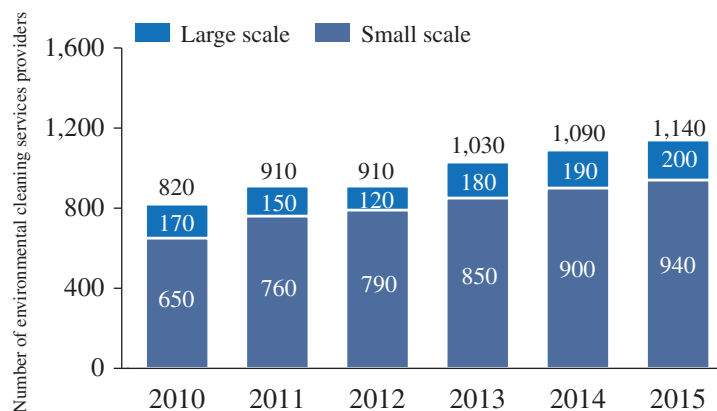
## INDUSTRY OVERVIEW

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### *Competitive Landscape*

#### **Market structure of the environmental cleaning services industry**

The environmental cleaning services industry is mainly driven by customer demand, with intense competition based primarily on pricing, service quality and customer relationships. The following chart sets forth the number of environmental cleaning services providers in Hong Kong from 2010 to 2015:



Sources: Census and Statistics Department of Hong Kong, Frost & Sullivan

The environmental cleaning services industry is highly fragmented. In light of the increasing demand for environmental cleaning services in recent years, the total number of environmental cleaning services providers grew from 820 in 2010 to 1,140 in 2015. As demand for environmental cleaning services is forecast to be on an upward trajectory, the number of environmental cleaning services providers is also expected to further increase to approximately 1,300 in 2020.

Environmental cleaning services providers vary in operating scale, service scope and employee qualification. In 2015, there were approximately 200 large-scale environmental cleaning services providers and approximately 940 small-scale environmental cleaning services providers, accounting for approximately 18% and 82% of the total number of environmental cleaning services providers in Hong Kong, respectively. Large-scale environmental cleaning services providers are defined as companies that employ more than 50 workers, while small-scale environmental cleaning services providers are defined as companies that have fewer than 50 workers. The majority of small-scale environmental cleaning services providers only provide one to two types of cleaning services, compared with large-scale environmental cleaning services providers which generally offer a wide range of cleaning services.

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## INDUSTRY OVERVIEW

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In terms of service fees, large-scale environmental cleaning services providers that offer one-stop services and possess their own cleaning machinery and equipment as well as specialised vehicles are generally able to charge a premium for their services. Small-scale environmental cleaning services providers, which are not able to compete in certain special environmental cleaning segments, such as external wall and window cleaning, or to undertake projects of a larger scale which may require professional cleaning machinery and equipment, specialised vehicles, and licenced technicians, tend to offer lower fees to attract business.

### Key market players of the environmental cleaning services industry

The environmental cleaning services industry in Hong Kong is dominated by a small number of leading players, with the top ten environmental cleaning services providers accounting for 58.6% of the total market share in terms of 2015 revenue.

The following table sets forth the respective ranking, company background and market share information of the top ten environmental cleaning services providers in Hong Kong in terms of revenue for the twelve months ended 31 December 2015:

Ranking	Company	Company background	Market share (%)
1	Competitor A	Public company headquartered in Denmark and listed on the Copenhagen Stock Exchange	12.6
2	Competitor B	Public company headquartered in Hong Kong and listed on the Stock Exchange	9.0
3	Competitor C	Private company headquartered in Hong Kong	8.5
4	Competitor D	Subsidiary of a property development company headquartered in Hong Kong	6.7
5	Competitor E	Subsidiary of a property development company headquartered in Hong Kong	4.9
6	Competitor F	Private company headquartered in Hong Kong	3.8
7	Competitor G	Subsidiary of a property management company headquartered in Hong Kong	3.4
8	Competitor H	Private company headquartered in Hong Kong	3.3
9	Competitor I	Subsidiary of a property development company headquartered in Hong Kong	3.2
10	Our Group	–	3.2
–	Others		41.4
			<b>Total: 100.0</b>

*Source: Frost & Sullivan*

## INDUSTRY OVERVIEW

### *Our Market Position*

#### **Street cleaning services**

The HK Government department responsible for public hygiene and food safety is the sole authority responsible for outsourcing street cleaning related work in Hong Kong. While there were a total of 1,140 environmental cleaning services providers in Hong Kong in 2015, the street cleaning segment in particular was highly concentrated due to the competitive tendering process, with a total of only five market players accounting for 100% of the market share in the segment in 2015. Our Group ranked third among these top five market players in terms of 2015 revenue generated from street cleaning solutions. The following table sets forth the respective ranking, company background and market share information of the top five street cleaning services providers in Hong Kong in terms of revenue for the twelve months ended 31 December 2015:

Ranking	Company	Company background	Market share
			(%)
1	Competitor B	Public company headquartered in Hong Kong and listed on the Stock Exchange	27.2
2	Competitor C	Private company headquartered in Hong Kong	23.8
3	Our Group	–	19.8
4	Competitor J	Private company headquartered in Hong Kong	19.3
5	Competitor K	Private company headquartered in Hong Kong	9.9
			<b>Total: 100.0</b>

*Source: Frost & Sullivan*

#### **Public bus and ferry cleaning services**

The public bus and ferry cleaning segment in Hong Kong is highly concentrated with only five market players accounting for nearly 100% of the market share in the segment in 2015. Our Group ranked first among these five market players in terms of 2015 revenue generated from public bus and ferry cleaning solutions, which involves the cleaning of vehicles and vessels. The following table sets forth the respective ranking, company background and market share information of the five public bus and ferry cleaning services providers in Hong Kong in terms of revenue for the twelve months ended 31 December 2015:

Ranking	Company	Company background	Market share <sup>(1)</sup>
			(%)
1	Our Group	–	86.3
2	Competitor B	Public company headquartered in Hong Kong and listed on the Stock Exchange	7.6
3	Competitor L	Public company headquartered in Hong Kong and listed on the Stock Exchange	2.4
4	Competitor M	Private company headquartered in Hong Kong	2.1
5	Competitor D	Subsidiary of a property development company headquartered in Hong Kong	0.6
–	Others		1.0
			<b>Total: 100.0</b>

*Source: Frost & Sullivan*

*Note:*

(1) For vehicles and vessels cleaning



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## INDUSTRY OVERVIEW

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In 2015, revenue generated from the public bus and ferry cleaning segment accounted for only 0.2% of total revenue generated from the environmental cleaning services industry.

### **Building cleaning services**

The building cleaning services segment in Hong Kong, includes office cleaning, floor and carpet cleaning, escalator and staircase cleaning, window cleaning, exterior wall cleaning, toilet cleaning. Our Group accounted for 1.5% of the market share in the segment in 2015.

The following table sets forth the respective ranking, company background and market share information of the top five building cleaning services providers in Hong Kong in terms of revenue for the twelve months ended 31 December 2015:

<u>Ranking</u>	<u>Company</u>	<u>Company Background</u>	<u>Market Share</u>
			(%)
1	Competitor A	Public company headquartered in Denmark and listed on the Copenhagen Stock Exchange	14.2
2	Competitor D	Subsidiary of a property development company headquartered in Hong Kong	7.6
3	Competitor C	Private company headquartered in Hong Kong	7.5
4	Competitor B	Public company headquartered in Hong Kong and listed on the Stock Exchange	7.1
5	Competitor E	Subsidiary of a property development company headquartered in Hong Kong	5.6
-	Others		58.0
			<b>Total: 100.0</b>

### ***Entry Barriers***

The main barriers to enter the Hong Kong environmental cleaning services industry include the following:

#### **High initial startup costs**

Environmental cleaning services providers generally require a significant amount of financing. The high initial startup costs of purchasing cleaning machinery and equipment as well as specialised vehicles pose as a barrier to enter into the environmental cleaning services industry. In addition, government sector customers require environmental cleaning services providers to provide performance deposits or surety bonds in advance to secure due performance. The increasing wages of workers in the environmental cleaning services industry in Hong Kong have also led to high initial startup costs for environmental cleaning services providers.

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## INDUSTRY OVERVIEW

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### **Stringent government requirements**

Government sector customers generally award contracts through a competitive tendering process. The terms of a typical service contract with government sector customers include stringent requirements such as sufficient insurance coverage, as well as submission of performance deposits or surety bonds to secure due performance. In addition, government sector customers will only award contracts to environmental cleaning services providers that score the highest on the weighted marking system during the tendering process. The system is based on multiple factors such as price, deployment of human resources, experience and past performance.

### ***Marking Scheme on Tender Assessment***

#### **Stage 1 assessment (Technical Information)**

In stage 1 assessment the technical information of the tenders will be checked against the essential requirements. The essential requirements set out in the terms of tender include employment of third-party workers, vehicles/equipment and staffing requirements, past convictions of the Group and that a tenderer shall not accumulate an aggregate of three or more demerit points under the demerit points system over a rolling period of three years. Only tenders that satisfy the essential requirements will proceed to the stage 2 assessment.

#### **Stage 2 assessment (Marking Scheme)**

Those meeting the essential requirements in stage 1 will be marked according to the marking scheme in stage 2 assessment. Specifically, in stage 2 assessment, technical score will carry a weight of 30% while price score will carry the remaining 70%. Technical score is based on two broad assessment criteria, comprising (i) deployment of human resources, and (ii) experience and past performance. Deployment of human resources criteria emphasises on the quality of work plan.

Tenderers shall score an overall passing mark of at least 27.5 out of 100 maximum marks in the technical assessment in relation to the 30% weighting in the marking scheme, or their tenders will not be considered further. Upon completion of the technical assessment, the price information will be evaluated. A tender with the highest combined score will normally be recommended for acceptance. The successful tenderer will be notified about the result of the tender before the commencement of work under the tender, but the combined score of each tender will not be disclosed.

### ***Major Challenges***

#### **Increase in labour costs**

The environmental cleaning services industry is labour intensive, with labour costs accounting for approximately 80% of the total cost of sales of environmental cleaning services providers in Hong Kong. The average monthly salary of workers in the environmental cleaning

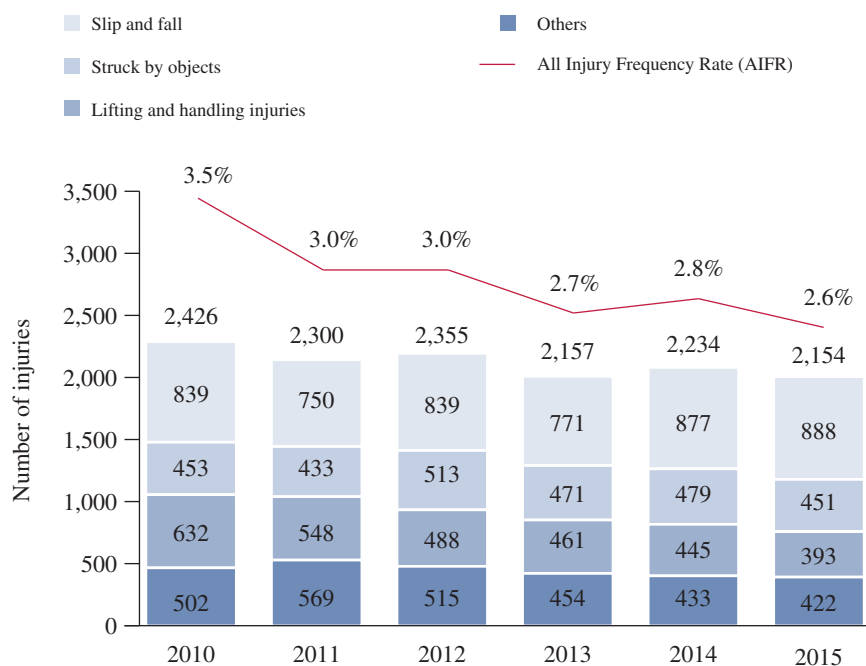
## INDUSTRY OVERVIEW

services industry in Hong Kong increased from HK\$5,599 per month in 2010 to HK\$8,162 per month in 2015, representing a CAGR of 7.8%. For the same period, the average monthly salary of workers across all industries increased from HK\$11,578 per month in 2010 to HK\$14,848 per month in 2015, representing a CAGR of 4.2%. The average salary of an environmental cleaning services worker increased at a faster rate compared to that of workers employed across other industries in Hong Kong. In May 2011, the HK Government set the minimum wage at HK\$28.0 per hour, which was subsequently increased to HK\$30.0 per hour in May 2013 and further to HK\$32.5 per hour in May 2015.

The nature of the environmental cleaning services industry requires employees to work long hours, take shifts, and carry out intense manual labour, leading to the low retention rates of employees. To retain their workforce, environmental cleaning services providers are under constant pressure to increase wages, thereby putting a strain on the overhead costs to operate their businesses.

### Risk of workplace injuries and resulting increase in insurance premium

Environmental cleaning services providers are subject to a significant risk of workplace injuries. Specifically, environmental cleaning services providers face employees' compensation claims pursuant to relevant laws and regulations. The following chart illustrates the number of workplace injuries in the environmental cleaning services industry from 2010 to 2015:



Source: Labour Department

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## INDUSTRY OVERVIEW

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A majority of these workplace injuries are due to slip and fall. The number of injuries involving slip and fall increased from 839 in 2010 to 888 in 2015. The AIFR, calculated by dividing the total number of injuries by the total number of workers in the environmental cleaning services industry, however, decreased from 3.5% in 2010 to 2.6% in 2015 as a result of the increasing industry regulations, as well as the increasing precautionary measures and training for workplace safety. Going forward, it is expected that the flat growth of workplace injuries will be sustained by the increasing workplace safety knowledge and training.

Furthermore, environmental cleaning services providers are required by law to obtain and maintain employees' compensation insurance for their workers. The insurance premium charged by insurance companies may increase as a result of workplace injuries, subjecting environmental cleaning services providers to the risk of increasing operational costs.

### *Future Market Trends*

#### **Increase in demand from private sector customers**

In light of the projected economic growth in Hong Kong, the demand for environmental cleaning services from private sector customers, particularly the demand for building cleaning services for hotels, guesthouses and serviced apartments, is expected to increase. As such, revenue contribution from private sector customers is projected to grow rapidly at a CAGR of 8.1% from HK\$8.6 billion in 2015 to HK\$12.7 billion in 2020.

According to Frost & Sullivan, private sector customers outsource cleaning work to environmental cleaning services providers to reduce operational costs as they can contract with fewer services providers for a single project. This will increase the competitiveness of medium- to large-scale environmental cleaning services providers who are able to provide an array of environmental cleaning services to customers.

#### **Technology upgrade**

The environmental cleaning services industry is inherently labour intensive. According to Frost & Sullivan, labour costs accounted for approximately 80% of the total cost of sales of environmental cleaning services providers in Hong Kong. In response to the increase in labour cost and customer demand for efficient and quality services, environmental cleaning services providers will benefit from purchasing advanced cleaning machinery and equipment as well as specialised vehicles such as water wagons, refuse compaction vehicles and floor refinishing machines. Furthermore, according to Frost & Sullivan, large-scale cleaning services providers that are equipped with their own cleaning machinery and equipment as well as specialised vehicles will be in a better position to charge higher fees and to undertake projects of a larger scale.

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### *Our Competitive Advantages*

According to Frost & Sullivan, we have the following competitive advantages when compared to our competitors in the environmental cleaning services industry:

#### **Compliance with stringent standards set by government sector customers**

Service contracts with government sector customers generally call for more stringent requirements in the tendering process. In the street cleaning segment, we were one of the only five street cleaning services providers having subsisting contracts with the HK Government department responsible for public hygiene and food safety during the Track Record Period. We believe that this is due to our ability to consistently satisfy stringent performance standards for environmental cleaning services set by government sector customers.

#### **One-stop solution for comprehensive environmental cleaning services**

We are able to provide a more comprehensive portfolio of environmental cleaning solutions than many competitors in the environmental cleaning services industry do. As a large-scale environmental cleaning solutions provider, we are able to provide cleaning solutions comprising: (i) street cleaning solutions; (ii) building cleaning solutions; (iii) bus and ferry cleaning solutions; and (iv) other cleaning services such as external wall and window cleaning, stone floor cleaning and maintenance, confined space cleaning, and pest control and fumigation. In contrast, small-scale environmental cleaning services providers can only offer one to two types of environmental cleaning services.

#### **In-depth operation and management experience**

According to Frost & Sullivan, customers put emphasis on operation and management experience. Since our inception in 1987, we have accumulated more than 29 years of experience in the environmental cleaning services industry. In addition, we are led by a dedicated and capable senior management team possessing extensive experience in the environmental cleaning services industry. As such, our operation and management experience have helped increase our chances of securing new contracts in the competitive tendering process.

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## REGULATORY OVERVIEW

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### OVERVIEW

Our Company's business of providing environmental cleaning solutions to our customers such as local government departments and private corporations is mainly operated and carried out by our three operating subsidiaries in Hong Kong, namely, Man Shing Environmental, Man Shing Cleaning Service and Jasen Services. This section summarises certain aspects of the Hong Kong laws and regulations, which are relevant to our business operations. Information contained in this section should not be construed as a comprehensive summary of the laws and regulations applicable to our Group.

### REGULATIONS IN HONG KONG

#### **Companies Ordinance (Chapter 622 of the Laws of Hong Kong)**

Our Company is incorporated under the laws of the Cayman Islands and is registered as a non-Hong Kong company under Part 16 of the Companies Ordinance. Our Company is subject to provisions of the Companies Ordinance, including but not limited to, registration of approved names for carrying on business in Hong Kong, registration of the details of a person as authorized representative with the Companies Registry, delivery of annual return for registration and keeping of an index of directors.

#### **Business Registration Ordinance (Chapter 310 of the Laws of Hong Kong)**

The Business Registration Ordinance requires every entity that carries on a business in Hong Kong to apply for business registration within one month from the date of commencement of its business and display a valid business registration certificate at the place of business.

#### **Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong)**

The Inland Revenue Ordinance is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The Inland Revenue Ordinance provides, among others, that persons, which include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business. As at the Latest Practicable Date, the standard profits tax rate for corporations is at 16.5%. The Inland Revenue Ordinance also contains provisions relating to, among others, permissible deductions for outgoings and expenses, set-offs for losses and allowances for depreciation.

#### **Employment Ordinance (Chapter 57 of the Laws of Hong Kong)**

The Employment Ordinance is an ordinance for, among others, the protection of the wages of employees and the regulation of the general conditions of employment and employment agencies in Hong Kong. The Employment Ordinance covers employment protection and benefits for employees including, among others, wage protection, paid annual leave, sickness allowance, maternity protection, statutory paternity leave, severance payment and long service payment. Any conviction of the Group under this ordinance may lead to termination of the Group's tender contracts with Customer A.

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## REGULATORY OVERVIEW

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### **Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)**

The Employees' Compensation Ordinance establishes a no-fault and non-contributory employee compensation system for work injuries and lays down the rights and obligations of employers and employees in respect of injuries or death caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases. The Employees' Compensation Ordinance in general applies to employees who are employed under a contract of service or apprenticeship. Employees who are injured while working outside Hong Kong are also covered if they are employed in Hong Kong by local employers. An employer is liable to pay compensation in respect of injuries sustained by his employees as a result of an accident arising out of and in the course of employment, or in respect of occupational diseases specified in the ordinance suffered by the employees. Any conviction of the Group under this ordinance may lead to termination of the Group's tender contracts with Customer A.

### **Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)**

The Mandatory Provident Fund Schemes Ordinance is an ordinance for the purpose of providing for the establishment of the non-governmental mandatory provident fund schemes. Except for exempt persons, employees (regular or casual) and self-employed persons who are at least 18 but under 65 years of age are required to join a mandatory provident fund scheme. Any conviction of the Group under this ordinance may lead to termination of the Group's tender contracts with Customer A.

Under this ordinance, there is allowance for offsetting of payments for an employer who is liable to pay employee severance payments or long service payments under the Employment Ordinance. The employer is entitled to apply for an offset of such payments with the accrued benefits derived from the employer's contributions made to a mandatory provident fund scheme for the employee. After paying the employee such payments, the employer may apply to the trustee of the mandatory provident fund scheme with supporting evidence for repayment of the relevant amount from the employee's accrued benefits derived from the employer's contributions. If the accrued benefits derived from the employer's contributions are insufficient to cover such payments payable by the employer, the employee is entitled to recover the difference from the employer.

### **Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)**

The Minimum Wage Ordinance is an ordinance for the purposes of providing a minimum wage at an hourly rate for certain employees. The statutory minimum wage requirements came into force on 1 May 2011 with the initial statutory minimum wage rate of HK\$28 per hour. From 1 May 2013 up to 30 April 2015, the statutory minimum wage increased to HK\$30 per hour and further increased to HK\$32.5 per hour with effect from 1 May 2015. The statutory minimum wage will be further increased to HK\$34.5 with effect from 1 May 2017. Any provision of the employment contract which purports to extinguish or reduce the right, benefit or protection conferred on the employee by the Minimum Wage Ordinance is void. Failure to pay the statutory minimum wage may lead to termination of the Group's tender contracts with Customer A.

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## **REGULATORY OVERVIEW**

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### **Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong)**

The Occupational Safety and Health Ordinance provides for the safety and health protection to employees in both industrial and non-industrial workplaces.

Employers must, as far as reasonably practicable, ensure the safety and health in their workplaces by:

- providing and maintaining plant and work systems that are safe and free of risks to health;
- making arrangement for ensuring safety and absence of risks to health in connection with the use, handling, storage or transport of plant or substances;
- providing all necessary information, instruction, training, and supervision to ensure safety and health;
- providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a safe work environment free of risks to health.

Any conviction of the Group under this ordinance may lead to termination of the Group's tender contracts with Customer A.

### **Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong)**

The Factories and Industrial Undertakings Ordinance provides for the safety and health protection to workers at an industrial undertaking. Under the Factories and Industrial Undertakings Ordinance, every proprietor shall take care of the safety and health at work of all persons employed by it at an industrial undertaking by:

- providing and maintaining plant and work systems that do not endanger safety and health;
- making arrangement to ensure safety and health in connection with the use, handling, storage and transport of articles and substances;
- providing all necessary information, instruction, training, and supervision to ensure safety and health;
- providing and maintaining safe access to and egress from the workplaces; and
- providing and maintaining a safe and healthy work environment.

Under the same ordinance, a proprietor shall only hire such person with a valid certificate in relation to the relevant industrial undertaking that such person is engaged in. Any conviction of the Group under this ordinance may lead to termination of the Group's tender contracts with Customer A.



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## REGULATORY OVERVIEW

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### ***Factories and Industrial Undertakings (Confined Spaces) Regulation (Chapter 59AE of the Laws of Hong Kong)***

Under the Factories and Industrial Undertakings (Confined Spaces) Regulation, when work is to be undertaken in a confined space, a proprietor or contractor shall appoint a competent person to carry out an assessment of the working conditions in the confined space and make recommendations on measure to be taken in relation to safety and health of workers working in that confined space. The proprietor or contractor must also ensure that, before any worker enters a confined space, all recommendations in the risk assessment report have been complied with. The proprietor or contractor must also ensure that only competent workers who hold valid certificates for working in a confined space shall enter into the confined space and that they have taken all required safety precautions when doing so. Any conviction of the Group under this ordinance may lead to termination of the Group's tender contracts with Customer A.

### ***Factories and Industrial Undertakings (Suspended Working Platforms) Regulation (Chapter 59AC of the Laws of Hong Kong)***

Under the Factories and Industrial Undertakings (Suspended Working Platforms) Regulation, the owner, lessee, hirer or any person in charge or having the control or management of a contractor of a suspended working platform (collectively the “Owners”) must ensure that the suspended working platform is maintained and constructed in compliance with the requirements of the regulation. The Owners shall also ensure that any person who is authorised by them to utilise the suspended working platform shall be properly licenced and that the person has taken all required safety precautions when doing so. Any conviction of the Group under this ordinance may lead to termination of the Group's tender contracts with Customer A.

### ***Construction Sites (Safety) Regulations (Chapter 59I of the Laws of Hong Kong)***

Under the Construction Sites (Safety) Regulations, any contractor carrying out construction work is required to take statutory safety measures to ensure work safety of any person working at the construction sites. Any conviction of the Group under this ordinance may lead to termination of the Group's tender contracts with Customer A.

### ***Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)***

Section 9 of the WDO allows the Collection Authority to provide service for the removal and disposal of household waste, street waste, trade waste, livestock waste and animal waste.

Section 10 of the WDO provides that the Collection Authority may, by licence, permit any person to provide services for the collection or removal of chemical waste or clinical waste and all or any of the matters referred to in Section 9 of the WDO.

Section 11 of the WDO prohibits the collection, removal and disposal of chemical waste, clinical waste, household waste, street waste, trade waste, livestock waste and animal waste by any person or entities unless such person or entity is licenced by the EPD or the FEHD. For details, please refer to the section headed “Business – Occupational Health and Safety – Regulatory Compliance” of this prospectus.

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## REGULATORY OVERVIEW

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Section 12(1) of the WDO provides that it shall not be an offence under section 11 of the WDO for an occupier of any building, or any person responsible for the management of any building, to remove household waste from any building if:

- (a) the Collection Authority or any person holding a waste collection licence neglects or fails for a period of 48 hours to remove household waste for any building in respect of which the authority or person provides that service under section 9 or section 10 of the WDO; or
- (b) no such service for the removal of household waste is provided by the Collection Authority or a person holding a waste collection licence.

Any conviction of the Group under this ordinance may lead to termination of the Group's tender contracts with Customer A.

### ***Waste Disposal (Refuse Transfer Station) Regulation (Chapter 354M of the Laws of Hong Kong)***

Under the Waste Disposal (Refuse Transfer Station) Regulation, any person who disposes waste at the refuse transfer station shall comply with the relevant account registration requirements and shall pay for the fee as prescribed in the regulation.

### ***Waste Disposal (Charges for Disposal of Construction Waste) Regulation (Chapter 354N of the Laws of Hong Kong)***

Under the Waste Disposal (Charges for Disposal of Construction Waste) Regulation, any person who disposes of construction waste shall be a holder of a valid billing account and shall pay for the fee as prescribed in the regulation.

### **Dangerous Goods Ordinance (Chapter 295 of the Laws of Hong Kong)**

The Dangerous Goods Ordinance controls the usage, storage, manufacturing and conveyance of the dangerous goods under the ordinance and sets out the relevant licencing requirements in relation to these activities.

Any conviction of the Group under this ordinance may lead to termination of the Group's tender contracts with Customer A.

### ***Dangerous Goods (General) Regulations (Chapter 295B of the Laws of Hong Kong)***

The Dangerous Goods (General) Regulations provide the exempted categories and quantity of the dangerous goods for which a licence is not required for the conveyance, storage and usage of the dangerous goods.

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## REGULATORY OVERVIEW

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### **Pesticides Ordinance (Chapter 133 of the Laws of the Hong Kong)**

The Pesticides Ordinance divides pesticides into two categories, registered and unregistered. It provides for the licencing requirements for, inter alia, importing, manufacturing, selling, offering or exposing for sale or supplying for offering to supply pesticides of both registered and unregistered pesticides. With respect to the usage of registered pesticides, no licence is required so long as the user is not engaged in the trade or business, whether for wholesale, retail or otherwise, of selling, offering or exposing for sale, supplying or offering to supply registered pesticides and sells, offers or exposes for sale, supplies or offers to supply any registered pesticides which he acquired for his own use.

Any conviction of the Group under this ordinance may lead to termination of the Group's tender contracts with Customer A.

### **Trade Marks Ordinance (Chapter 559 of the Laws of Hong Kong)**

The Trade Marks Ordinance provides for the registration of trademarks, the use of registered trademarks and connected matters. Hong Kong provides territorial protection for trademarks. Therefore, trademarks registered in other countries or regions are not automatically entitled to protection in Hong Kong. In order to enjoy protection by the laws of Hong Kong, trademarks must be registered with the Trade Marks Registry of the Intellectual Property Department under the Trade Marks Ordinance and the Trade Marks Rules (Chapter 559A of the Laws of Hong Kong).

According to section 10 of the Trade Marks Ordinance, a registered trademark is a property right acquired through due registration under this ordinance. The owner of a registered trademark is entitled to the rights provided by the ordinance.

By virtue of section 14 of the Trade Marks Ordinance, the owner of a registered trademark is conferred exclusive rights in the trademark. The rights of the owner in respect of the registered trademark come into existence from the date of the registration of the trademark. According to section 48 of this ordinance, the registration date is the filing date of the application for registration.

Subject to the exceptions in section 19 to section 21 of the Trade Marks Ordinance, any use of the trademark by third parties without the consent of the owner is an infringement of the trademark. Conducts that amount to infringement of the registered trademark are further specified in section 18 of the same ordinance. The owner of the registered trademark is entitled to remedies under the Trade Marks Ordinance once any infringement by third parties occurs, such as infringement proceedings provided for in section 23 and section 25 of the Trade Marks Ordinance.

Trademarks which are not registered under the Trade Marks Ordinance and the Trade Marks Rules may still obtain protection by the common law action of passing off, which requires proof of the owner's reputation in the unregistered trademark and that use of the trademark is an act of misrepresentation by third parties and will cause the owner damage.

### OUR BUSINESS HISTORY

The founders of our Group, Mr. M.S. Wong and Mr. C.S. Wong, started their business as a partnership under the name of Man Shing Cleaning Company as a professional cleaning service provider in 1987 in Hong Kong. As their business grew, Man Shing Cleaning Service was founded in 1998 as a cleaning services provider with its business scope covering services such as street cleaning, public bus and ferry cleaning, pest control and sewage treatment. With more than 29 years of expertise and experience, our Group has become a well-established and renowned environmental cleaning solutions provider. As at the Latest Practicable Date, our Group has more than 4,000 employees and 77 specialised vehicles. With these resources, our Group is able to provide our customers with efficient and high quality environmental cleaning services at reasonable and competitive prices.

Our Group is supported by our team of professionals that possesses extensive experience in the environmental cleaning services industry. Our service philosophy is to provide customers with services that emphasise safety, technology and ecological protection. Throughout the years, we strived to improve and upgrade our operating procedures, equipment and staff to cater to customer needs and market demands.

#### Business Milestones

The following table sets forth our Group's business development and milestones.

<b>Year</b>	<b>Event</b>
1987	Mr. M.S. Wong and Mr. C.S. Wong formed a partnership under the name of Man Shing Cleaning Company as a professional cleaning services provider in Hong Kong
1989	Our Group purchased our first refuse compaction vehicle to enter into waste collection and disposal business
1995	Jasen Services was established
1998	Man Shing Cleaning Service was established
1999	Our Group received our first service contract for library cleaning from a HK Government department
2002	Our Group obtained ISO 9001 and ISO 14001 certifications
2005	Our Group received our first service contract for bus cleaning from a public bus operator
2008	Our Group was awarded a major service contract for street cleaning from a HK Government department

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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<b>Year</b>	<b>Event</b>
2009	Our Group obtained OHSAS 18001 certification
2011	Our Group was awarded three major street cleaning service contracts by a HK Government Department
2012	Our Group received a waste collection service contract from a HK Government department for a term of 5 years
2014	Our Group received a cleaning contract from a hotel group
2015	Our Group received six major service contracts for street cleaning by a HK Government department
	Man Shing Environmental was established
	Our Group was awarded a contract for the provision of pest control services by a HK Government department
	Our Group was awarded the “Class of Good” of Wastewi\$e Label in the Hong Kong Awards for Environmental Excellence organised by the Environmental Campaign Committee of Hong Kong

### OUR CORPORATE HISTORY AND DEVELOPMENT

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 March 2016. Our Group completed the Reorganisation on 30 March 2016 in preparation for the Listing pursuant to which our Company became the holding company of our Group. Details of the Reorganisation are set out in the paragraph headed “Group Reorganisation” in this section.

As of the Latest Practicable Date, our Group comprised the following major subsidiaries and their respective corporate history and material shareholding changes are set out below.

#### **Man Shing Cleaning Service**

Man Shing Cleaning Service was incorporated in Hong Kong on 29 July 1998 as a limited liability company with an authorised share capital of HK\$100,000 divided into 100,000 shares of HK\$1.00 each. At the time of its incorporation, Man Shing Cleaning Service allotted and issued 50,000 shares at par value to each of Mr. C.S. Wong and Mr. M.S. Wong, respectively. Since then and before the Reorganisation, there had been no further change in the share capital and shareholding of Man Shing Cleaning Service.

Man Shing Cleaning Service is principally engaged in the business of cleaning services, waste management services, pest control services and sewage treatment services.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### **Man Shing Environmental**

Man Shing Environmental was incorporated in Hong Kong on 1 September 2015 as a limited liability company with an issued share capital of HK\$100 divided into 100 shares of HK\$1.00 each. At the time of its incorporation, Man Shing Environmental allotted and issued 50 shares to each of Mr. C.S. Wong and Mr. M.S. Wong, respectively. Since then and before the Reorganisation, there has been no further change in the share capital and shareholding of Man Shing Environmental.

Man Shing Environmental is principally engaged in the provision of our Group's vehicles.

### **Jasen Services**

Jasen Services was incorporated in Hong Kong on 18 May 1995 as a limited liability company with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. At the time of incorporation, 2 subscriber shares were issued to the 2 initial subscribers. On 6 June 1995, Jasen Services allotted and issued 4,998 shares to Mr. C.S. Wong at par value and 5,000 shares to Mr. Chan Kwok Keung at par value. On 20 June 1995, Mr. C.S. Wong acquired 2 subscriber shares in Jasen Services from the two initial subscribers of Jasen Services at par value.

On 12 October 1995, Mr. Chan Kwok Keung disposed of his entire shareholding in Jasen Services to Ms. Mak Yin Fan. On 11 January 1996, Mr. C.S. Wong disposed of his entire shareholding in Jasen Services to Mr. Wong Kin Yuen.

On 3 November 1997, Ms. Mak Yin Fan disposed of her entire shareholding in Jasen Services to Mr. C.S. Wong and Mr. Wong Kin Yuen disposed of his entire shareholding in Jasen Services to Mr. Chan Kwok Keung.

On 2 February 2000, Mr. Chan Kwok Keung disposed of his entire shareholding in Jasen Services to Mr. M.S. Wong.

On 19 December 2012, Mr. M.S. Wong disposed of his entire shareholding in Jasen Services to Mr. C.H. Wong. On 2 May 2014, Mr. C.S. Wong disposed of his entire shareholding in Jasen Services to Mr. C.H. Wong.

Mr. C.H. Wong held 10,000 shares in Jasen Services immediately before the Reorganisation, among which Mr. C.H. Wong was the beneficial owner of 20% of his entire shareholding in Jasen Services and the remaining 80% of his shareholding in Jasen Services was held on trust on behalf of Mr. C.S. Wong and Mr. M.S. Wong, respectively, in equal shares. For further details about the nominee arrangement between Mr. C.H. Wong, Mr. M.S. Wong and Mr. C.S. Wong, please refer to the paragraph headed “– Nominee Arrangement” below.

Jasen Services is principally engaged in the business of procuring cleaning products for Man Shing Cleaning Service.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

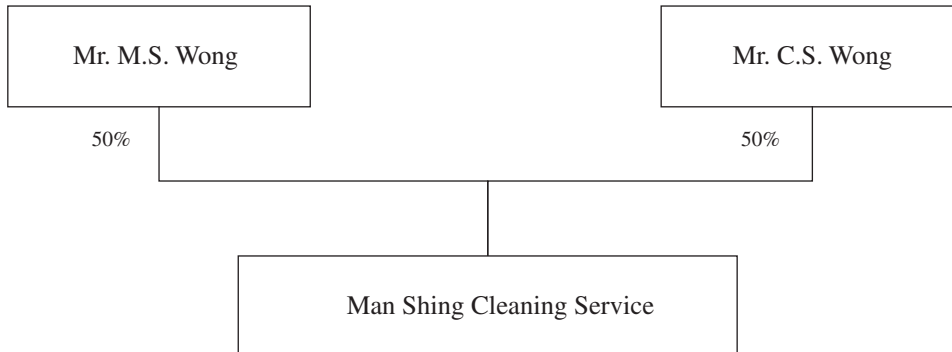
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### GROUP REORGANISATION

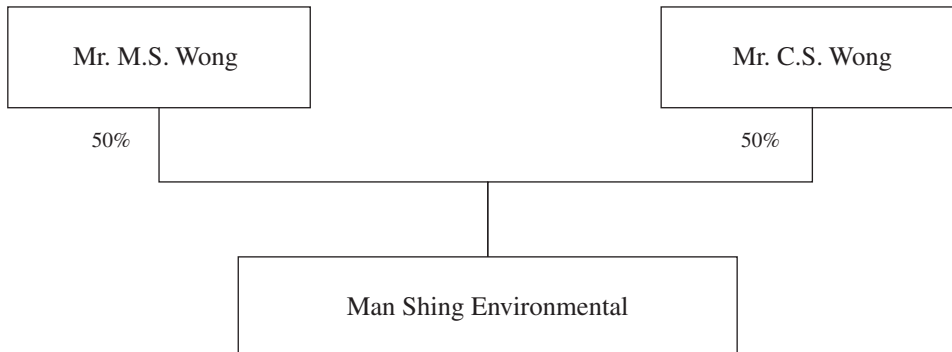
#### Structure of our Group immediately before Reorganisation

The following diagrams set out the corporate structure of Man Shing Cleaning Service, Man Shing Environmental and Jasen Services immediately before the Reorganisation.

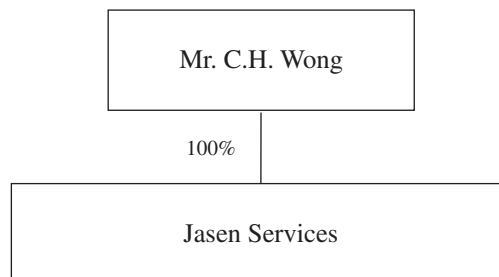
#### *Man Shing Cleaning Service*



#### *Man Shing Environmental*



#### *Jasen Services*



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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### **Nominee Arrangement**

On 30 March 2016, Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong entered into an agreement whereby they acknowledged, confirmed and ratified, among others, the following nominee arrangement in relation to the shareholding in Jasen Services:

- (i) 40% of such shareholding held by Mr. C.H. Wong was funded by an investment from Mr. M.S. Wong on 19 December 2012 and hence, Mr. C.H. Wong was holding 40% shareholding in Jasen Services on trust for Mr. M.S. Wong as nominee;
- (ii) another 40% of such shareholding held by Mr. C.H. Wong was funded by an investment from Mr. C.S. Wong on 2 May 2014 and hence, Mr. C.H. Wong was holding 40% shareholding in Jasen Services on trust for Mr. C.S. Wong as nominee; and
- (iii) the remaining 20% of the shareholding in Jasen Services held by Mr. C.H. Wong was funded by his own resources.

As a step of the Reorganisation, on 30 March 2016, the entire issued share capital of Jasen Services was transferred to Jasen Services (BVI) pursuant to a share-swap agreement. Accordingly, the aforementioned nominee arrangement was terminated. Details on the Reorganisation and the transfer of shares of Jasen Services to Jasen Services (BVI) are set out in the paragraph headed “– (4) Share-Swap Arrangements” below.

In preparation for the Listing, our Group underwent a Reorganisation involving the following steps:

#### ***(1) Incorporation of our Company***

Our Company was incorporated on 18 March 2016 as an exempted company with limited liability in the Cayman Islands with an authorised share capital of HK\$380,000.00 divided into 38,000,000 ordinary shares of a par value of HK\$0.01 each. On 18 March 2016, 1 Share was allotted and issued to the initial subscriber, which was transferred to Man Shing Global on the same date.

#### ***(2) Incorporation of intermediate BVI holding companies***

Man Shing Global Group (BVI) was incorporated in the BVI with limited liability on 21 March 2016 and is authorised to issue a maximum of 50,000 shares of US\$1.00 par value each. On 30 March 2016, 1 ordinary share of par value of US\$1.00 was allotted and issued to our Company, representing 100% of the issued share capital of Man Shing Global Group (BVI).

Man Shing Cleaning Service (BVI) was incorporated in the BVI with limited liability on 21 March 2016 and is authorised to issue a maximum of 50,000 shares of US\$1.00 par value each. On 30 March 2016, 1 ordinary share of par value of US\$1.00 was allotted and issued to Man Shing Global Group, representing 100% of the issued share capital of Man Shing Cleaning Service (BVI).



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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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Man Shing Environmental (BVI) was incorporated in the BVI with limited liability on 21 March 2016 and is authorised to issue a maximum of 50,000 shares of US\$1.00 par value each. On 30 March 2016, 1 ordinary share of par value of US\$1.00 was allotted and issued to Man Shing Global Group, representing 100% of the issued share capital of Man Shing Environmental (BVI).

Jasen Services (BVI) was incorporated in the BVI with limited liability on 21 March 2016 and is authorised to issue a maximum of 50,000 shares of US\$1.00 par value each. On 30 March 2016, 1 ordinary share of par value of US\$1.00 was allotted and issued to Man Shing Global Group, representing 100% of the issued share capital of Jasen Services (BVI).

### *(3) Incorporation of Hong Kong Company*

Man Shing Global Group was incorporated in Hong Kong on 21 March 2016 as a limited liability company with an issued share capital of HK\$1.00. On 21 March 2016, one founder's share was allotted and issued to the founder member, which was transferred to Man Shing Global Group (BVI) on 29 March 2016.

### *(4) Share-swap Arrangements*

- (i) On 30 March 2016, Mr. C.S. Wong, Mr. M.S. Wong, our Company, Man Shing Global Group (BVI), Man Shing Global Group and Man Shing Cleaning Service (BVI) entered into a share-swap agreement, whereby Man Shing Cleaning Service (BVI) acquired the entire issued share capital of Man Shing Cleaning Service from Mr. C.S. Wong and Mr. M.S. Wong, which was satisfied by the allotment and issue of Shares in our Company, being the ultimate holding company of Man Shing Cleaning Service (BVI) through Man Shing Global Group and Man Shing Global Group (BVI), to companies wholly owned by Mr. C.S. Wong and Mr. M.S. Wong. Accordingly, 12 Shares in our Company were issued and allotted to Man Shing Global and 13 Shares to Lik Hang Investment, all credited as fully paid.
- (ii) On 30 March 2016, Mr. C.S. Wong, Mr. M.S. Wong, our Company, Man Shing Global Group (BVI), Man Shing Global Group and Man Shing Environmental (BVI) entered into a share-swap agreement, whereby Man Shing Environmental (BVI) acquired the entire issued share capital of Man Shing Environmental from Mr. C.S. Wong and Mr. M.S. Wong, which was satisfied by the allotment and issue of Shares in our Company, being the ultimate holding company of Man Shing Environmental (BVI) through Man Shing Global Group and Man Shing Global Group (BVI), to companies wholly owned by Mr. C.S. Wong and Mr. M.S. Wong. Accordingly, 13 Shares in our Company were issued and allotted to Man Shing Global and 13 Shares to Lik Hang Investment, all credited as fully paid.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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- (iii) On 30 March 2016, Mr. C.S. Wong, Mr. M.S. Wong, Mr. C.H. Wong, our Company, Man Shing Global Group (BVI), Man Shing Global Group and Jasen Services (BVI) entered into a share-swap agreement, whereby Jasen Services (BVI) acquired the entire issued share capital of Jasen Services from Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong, which was satisfied by the allotment and issue of Shares in our Company, being the ultimate holding company of Jasen Services (BVI) through Man Shing Global Group and Man Shing Global Group (BVI), to companies wholly owned by Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong. Accordingly, 13 Shares in our Company were issued and allotted to Man Shing Global, 13 Shares to Lik Hang Investment and 4 Shares to Chun Shing Investment, all credited as fully paid.

### Deed of Acting in Concert

As shown in the shareholding structure of our Group immediately prior to the Reorganisation, Mr. C.S. Wong and Mr. M.S. Wong were respectively interested in, and entitled to exercise the voting rights attaching to, the entire equity interest of Man Shing Cleaning Service and Man Shing Environmental. Further, Mr. C.S. Wong, Mr. M.S. Wong (through the nominee arrangement with Mr. C. H. Wong) and Mr. C.H. Wong were respectively interested in, and entitled to exercise the voting rights attached to, the entire equity interest of Jasen Services.

Immediately after completion of the Reorganisation, our Company has become the ultimate holding company of our Group, and Mr. C.S. Wong through Man Shing Global, Mr. M.S. Wong through Lik Hang Investment and Mr. C.H. Wong through Chun Shing Investment, were respectively interested in, and entitled to exercise voting control of, 100% of the issued Shares of our Company. Our Company in turn, through Man Shing Global Group (BVI), Man Shing Global Group and Man Shing Cleaning Service (BVI), was indirectly interested in 100% equity interest in Man Shing Cleaning Service; through Man Shing Global Group (BVI), Man Shing Global Group and Man Shing Environmental (BVI), was indirectly interested in 100% equity interest in Man Shing Environmental; and through Man Shing Global Group (BVI), Man Shing Global Group and Jasen Services (BVI), was indirectly interested in 100% equity interest in Jasen Services.

Pursuant to a deed (the “**Deed of Acting in Concert**”) dated 30 March 2016 and entered into among Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong, each of them agreed, confirmed and ratified, among other things, from the time they became interested in and possessed voting rights (whether direct or indirect) in Man Shing Cleaning Service, Man Shing Environmental and Jasen Services (the “**Operating Entities**”), each of them has been cooperating with each other and acting in concert (for the purpose of the Takeovers Code), with an aim to achieving consensus and taking concerted action on all major affairs relating to the Operating Entities. Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong further agreed, confirmed and undertook, among other things, that during the period between the date of the completion of the Reorganisation and the date of termination of the Deed of Acting in Concert, each of them would cooperate with each other and act in concert (for the purpose of the Takeovers Code), with an aim to achieving consensus and taking concerted action on all major affairs relating to the Operating Entities.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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These major affairs include, among other things, matters required to be approved by shareholders under the articles of association of the Operating Entities, such as the declaration of dividends, short-term and long-term operation and development plans, the approval of annual budgets, the adoption of accounts and the appointment of directors and senior management.

### **Compliance with the ownership continuity requirement under the GEM Listing Rules**

Mr. C.S. Wong and Mr. M.S. Wong were the ultimate shareholders of Man Shing Cleaning Service and Man Shing Environmental since their incorporation. On 2 February 2000, Mr. C.S. Wong and Mr. M.S. Wong became the ultimate shareholders of Jasen Services. Although Mr. C.S. Wong and Mr. M.S. Wong have disposed of their entire shareholding in Jasen Services to Mr. C.H. Wong on 19 December 2012 and 2 May 2014 respectively, 80% shareholding in Jasen Services was held by Mr. C.H. Wong on trust for Mr. C.S. Wong and Mr. M.S. Wong pursuant to the nominee arrangement. For details, please refer to the section headed “History, Reorganisation and Corporate Structure – Group Reorganisation – Nominee Arrangement” in this prospectus.

The Deed of Acting in Concert became effective since 19 December 2012 when Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong (the “**Parties**”) were interested in and possessed voting rights (whether direct or indirect) in Man Shing Cleaning Service, Man Shing Environmental and Jasen Services. As the Deed of Acting in Concert remains effective during the Track Record Period and thereafter from the date of the Deed to the date of termination of the Deed of Acting in Concert, each of the Parties is deemed to be interested in the shares of the Group in which the other Parties or each of them are/is interested by virtue of the SFO.

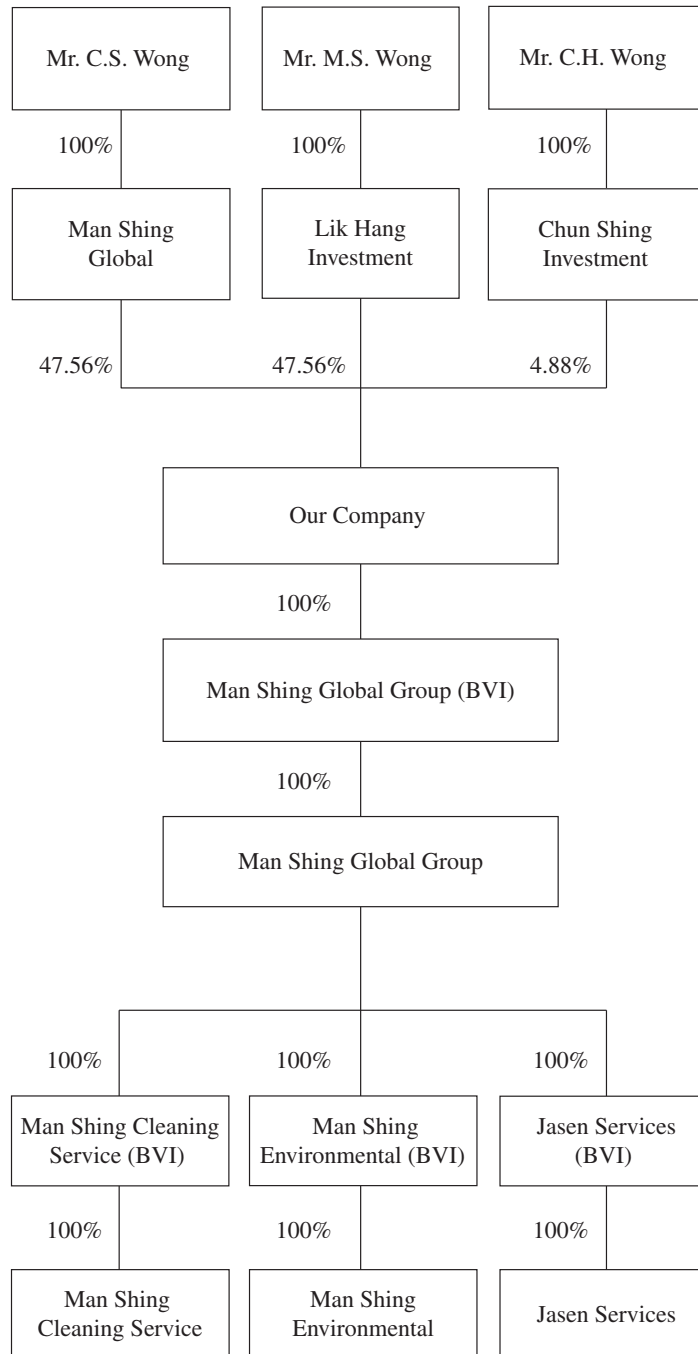
In view of the nominee arrangement and the arrangement under the Deed of Concert Parties, Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong are regarded as a group of Controlling Shareholders and satisfy the ownership continuity and control requirement under Rule 11.12A(2) of the GEM Listing Rules.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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The shareholding and corporate structure of our Group immediately after completion of the Reorganisation is illustrated in the diagram below.



### PRE-IPO INVESTMENT

#### Background

Mr. Chan is a director of Perpetual Power Holdings Limited, a hydropower company with operations in China, and has been interested in investing in projects on environmental protection. Mr. Chan is familiar with the environmental cleaning services industry in Hong Kong. He came to know more about this industry when he acted as the director of Quality Security Limited (優質護衛有限公司) which is a company providing security services in Hong Kong. As the company was involved in the monitoring of cleaning and cleaning services along with the provision of security services from time to time, Mr. Chan becomes acquainted with certain local cleaning services providers. Mr. Chan is confident that, with the growing concern of the international community as well as the local society and the HK Government with environmental protection and the hygiene conditions of our surroundings, the prospect of environmental cleaning services industry appears to be bright as it is expected that, with increasing awareness and desire for a clean and healthy living environment, the demand for environmental cleaning services will grow in the future. Mr. Chan was then looking for an opportunity to invest in environmental protection projects such as the environmental cleaning business when he was introduced to Mr. C. S. Wong and Mr. M. S. Wong by a mutual friend of theirs. Mr. Chan and Mr. C. S. Wong and Mr. M. S. Wong then exchanged ideas about the cleaning services business in Hong Kong and they shared one another's ideas and belief about the Hong Kong economy, the common desire for a clean and healthy living environment and the persistent demand for cleaning services. In particular, Mr. Chan discussed with Mr. C. S. Wong and Mr. M. S. Wong about the conditions of our Company and was fully briefed about the business, operation and financial conditions of our Group. Mr. Chan also reviewed and considered our Company's financial statements and was convinced that our Group has potential and room for expansion and growth. Mr. Chan then shared his thoughts with Mr. C. S. Wong and Mr. M. S. Wong and was invited to join our Company as a pre-IPO investor so as to carry our Company forward and bring it to an even higher level together. After having some serious thoughts on our Company and its management, Mr. Chan considers that he does share common ideals and goals with Mr. C. S. Wong and Mr. M. S. Wong about our Company's business operation and our Group's future development. Consequently, Mr. Chan through his wholly owned company, Pro-Integration, entered into the pre-IPO share subscription agreement with our Company.

#### Share subscription agreement between Pro-Integration and our Company

In order to allow additional financing opportunities to satisfy our Group's capital needs, our Controlling Shareholders, namely Mr. M.S. Wong, Mr. C.S. Wong and Mr. C.H. Wong, considered that it is beneficial for our Group to invite Mr. Chan to subscribe for Shares in our Company.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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On 16 July 2016, Pro-Integration, which is wholly owned by Mr. Chan, and our Company entered into a share subscription agreement, pursuant to which Pro-Integration subscribed for a total of 18 new Shares in our Company for a total consideration of HK\$9.6 million. Details of the said agreement are set out below:

Name of investor:	Pro-Integration Limited
Number of Shares in our Company subscribed by the investor:	18 Shares
Total consideration:	HK\$9.6 million
Completion date:	9 August 2016
Number of Shares held by Pro-Integration upon the Listing:	81,000,000 Shares, representing 13.5% of the enlarged issued share capital of our Company (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and any option as may be granted under the Share Option Scheme)
Cost per Share paid by Pro-Integration (approximately, taking into account the Capitalisation Issue):	HK\$0.119 per Share
Discount to the Offer Price (approximately):	60.3% to the mid-point of the Offer Price of HK\$0.3 per Offer Share
Special rights:	No special rights were granted
Relationship with and background of Pro-Integration:	Each of Pro-Integration and Mr. Chan (an executive Director): <ul style="list-style-type: none"><li>• has no special rights with respect to our Group; and</li><li>• save for Pro-Integration's investment in our Group, has no past or present relationships with our Group, our Shareholders, our Directors, our senior management personnel, or any of their respective associates and any connected persons of our Company</li></ul>
Lock-up restrictions:	The Shares held by Pro-Integration are not subject to any lock-up after Listing
Use of proceeds:	Mainly as general working capital of our Group

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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The consideration of the said subscription of Shares in our Company by Pro-Integration was arrived at after arm's length negotiations with reference to the price-earnings ratio and discount percentage to IPO price of recent pre-IPO investments in companies listed on GEM. The proceeds from the said subscription were fully utilised and principally used as general working capital of our Group. Mr. Chan and Pro-Integration have not been involved in any investment in, or dealings with, our Group and/or any connected persons of our Company save for the Pre-IPO Investment. Mr. Chan, through Pro-Integration, invested in us because he was attracted by our growth potential and prospects as a whole. Our Directors believe that the Pre-IPO Investment will enhance our cash-flow position and broaden our Shareholders' base, which in turn will benefit our Company and our Shareholders as a whole. The subscription of shares by Pro-Integration in our Company was properly and legally completed on 9 August 2016. Mr. Chan and/or Pro-Integration are not entitled to any special rights or privileges in connection with his/its investment in our Group. The Shares held by Pro-Integration are not subject to any lock-up after the Listing Date and will not be counted towards the public float for the purpose of Rule 11.23 of the GEM Listing Rules.

The Sole Sponsor confirmed that the Pre-IPO Investment was in compliance with the interim guidance and guidance letters on pre-IPO investments issued by the Stock Exchange and the above investment has been completed at least 28 clear days before the date of the first submission of the listing application form in respect of the Listing, based on the review of the relevant documents.

### **Information on Pro-Integration and Mr. Chan**

Pro-Integration was incorporated in the BVI with limited liability on 21 March 2016 and is an investment holding company. As at the Latest Practicable Date, 1 fully paid ordinary share of US\$1.00 par value, representing the entire issued share capital of Pro-Integration, was held by Mr. Chan, our substantial shareholder.

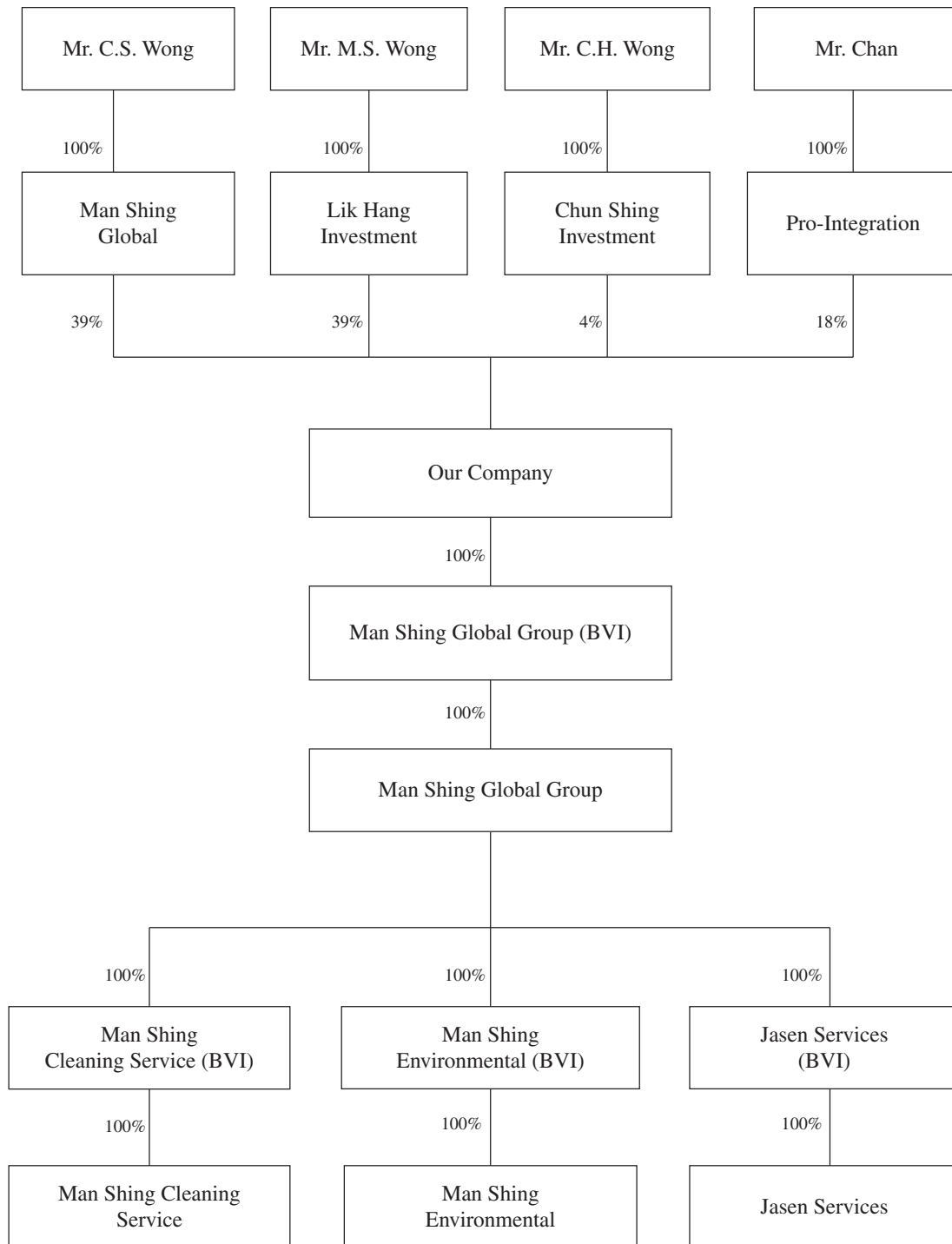
Mr. Chan, the ultimate shareholder of Pro-Integration, is our executive Director. For biographical details of Mr. Chan, please refer to the section headed "Directors and Senior Management" in this prospectus.

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## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

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Our Group structure immediately after completion of the Pre-IPO Investment is set out in the following chart:





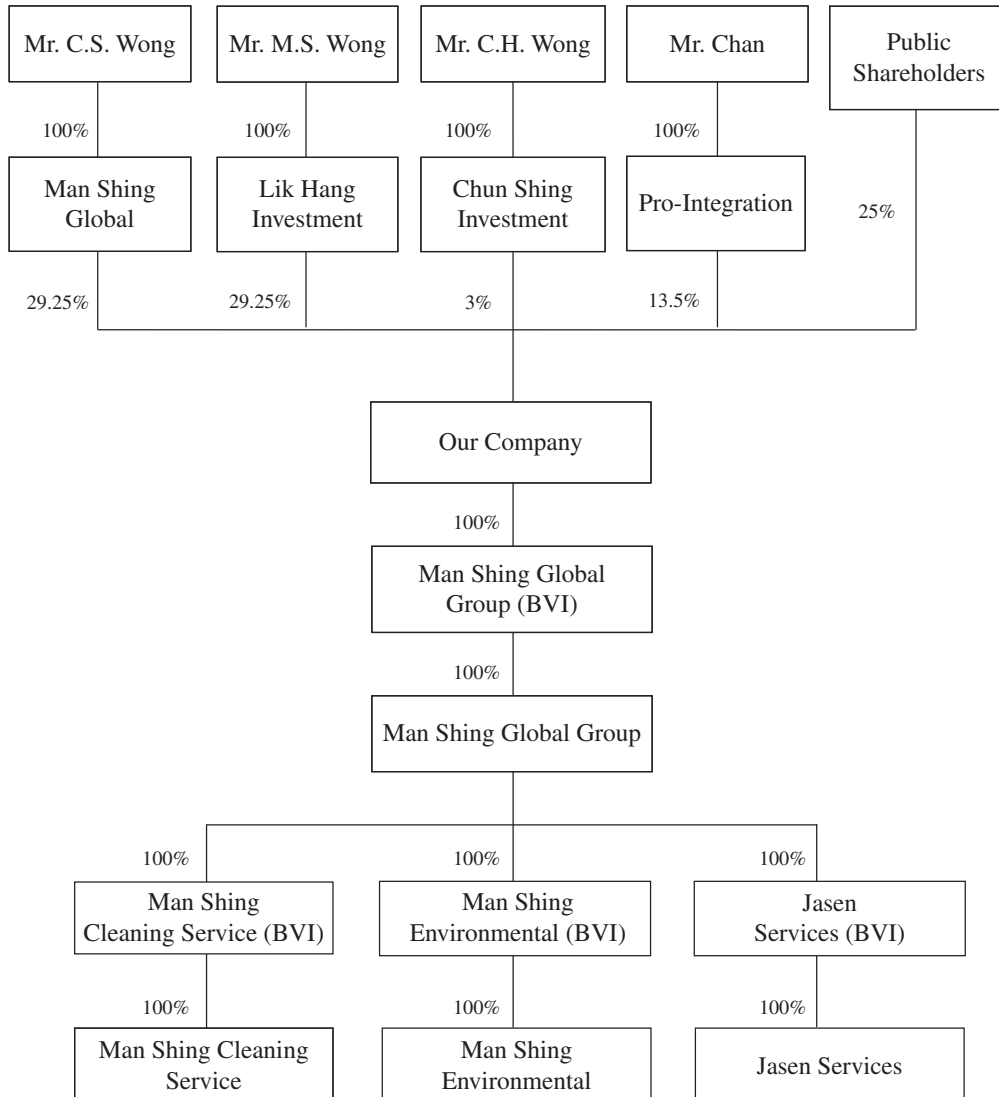
## HISTORY, REORGANISATION AND CORPORATE STRUCTURE

### ISSUE OF BONUS SHARES AND INCREASE IN AUTHORISED SHARE CAPITAL OF OUR COMPANY AND THE CAPITALISATION ISSUE

On 26 January 2017, the Directors passed the written resolutions to capitalise and apply a sum of HK\$379,999 standing to the credit of the Company's share premium account to issue and allot an aggregate of 37,999,900 Shares (the "Bonus Shares") as to 14,819,961 Shares to Man Shing Global, 14,819,961 Shares to Lik Hang Investment, 1,519,996 Shares to Chun Shing Investment and 6,839,982 Shares to Pro-Integration.

Pursuant to the written resolutions of the Shareholders passed on 20 March 2017, the authorised share capital of our Company increased from HK\$380,000 to HK\$100,000,000. Our Company will also issue 412,000,000 Shares upon capitalisation of certain sums standing to the credit of the share premium account of our Company.

The shareholding and corporate structure of our Group immediately after completion of the Share Offer and Capitalisation Issue (without taking into account any Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option or of any option which may be granted under the Share Option Scheme) is set out in the following chart:



### OVERVIEW

We are a provider of environmental cleaning solutions in Hong Kong. We ranked tenth in the environmental cleaning services industry in Hong Kong with a market share of 3.2% in terms of revenue for the twelve months ended 31 December 2015, according to the F&S Report. With more than 29 years of experience in the industry, we have steadily grown our business since our inception in 1987 to offer a wide range of services and extended the coverage of our operations to all 18 districts throughout Hong Kong.

Our comprehensive portfolio of environmental cleaning solutions, comprising our cleaning solutions and other value-added cleaning services, can be divided into the following four principal service categories:

- **Street cleaning solutions**, which comprise street and public area cleaning, refuse collection point cleaning, and pest control. For the six months ended 30 September 2016, 64.8% of our revenue was generated from our street cleaning solutions, which we provided to the HK Government department responsible for public hygiene and food safety. According to the F&S Report, the street cleaning segment, which is highly concentrated due to the competitive tendering process, was dominated by a total of five market players including our Group, collectively accounting for 100% of the street cleaning segment in 2015;
- **Building cleaning solutions**, which comprise general building cleaning, refuse collection and waste disposal, and toilet cleaning and janitorial services. For the six months ended 30 September 2016, 24.2% of our revenue was generated from our building cleaning solutions, which we provided to both government sector and private sector customers;
- **Bus and ferry cleaning solutions**, which comprise general depot and pier cleaning, vehicle and vessel cleaning, refuse collection and waste disposal, and toilet cleaning. For the six months ended 30 September 2016, 7.6% of our revenue was generated from our bus and ferry cleaning solutions, which we provided to the four largest public bus operators and the largest public ferry operator in Hong Kong in terms of fleet size in 2015, according to the F&S Report. According to the F&S Report, the bus and ferry cleaning segment, which is highly concentrated due to the competitive tendering process, was dominated by a total of five market players including our Group, collectively accounting for nearly 100% of the bus and ferry cleaning segment in 2015; and
- **Other cleaning services**, which include various one-off cleaning services such as external wall and window cleaning, stone floor cleaning and maintenance, confined space cleaning, as well as pest control and fumigation. For the six months ended 30 September 2016, 3.4% of our revenue was generated from our other cleaning services, which we provided to government sector and private sector customers on a standalone basis or to complement our cleaning solutions.

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Our broad service offerings are supported by our sizeable resources. As at the Latest Practicable Date, we had a stable labour force of more than 4,000 employees, including a number of licenced technicians that hold licences and certificates to perform specialised cleaning services. With relatively low staff turnover rates compared to the industry average, we have been able to maintain a strong team of operations staff to execute our service contracts reliably and effectively, as well as to ensure our high quality standards. In addition, we own and operate our own fleet of 77 specialised vehicles as at the Latest Practicable Date, allowing us to carry out a broad scope of environmental cleaning and waste management services. We believe that our diverse portfolio of services and our proprietary resources have provided us with a competitive advantage in terms of pricing and securing contracts for medium- to large-scale projects. According to the F&S Report, the majority of environmental cleaning services providers in Hong Kong are small-scale companies that only provide one to two types of cleaning services, while large-scale companies equipped with their own cleaning machinery and equipment as well as specialised vehicles are able to provide a wider range of services at higher service fees.

We provide our environmental cleaning solutions to (i) government sector customers, (ii) private sector customers, and (iii) public transport customers. We believe that our customers recognise us for our commitment to service quality and our industry experience. Our customer-oriented service model has enabled us to establish longstanding customer relationships, some of which have continued for more than ten years as at the Latest Practicable Date. While the number of our private sector customers may vary significantly from year to year due to the fluctuation in number of our one-off quotations, we believe that we have been able to build on our track record for service excellence to secure contracts from a number of repeat customers for our cleaning solutions. Our ability to generate recurring business from some of our key customers has allowed us to maintain a stable customer base.

Led by our dedicated and capable management team, we achieved steady growth in revenue during the Track Record Period. Our total revenue increased by HK\$30.7 million from HK\$316.3 million for the year ended 31 March 2015 to HK\$347.0 million for the year ended 31 March 2016. Our total revenue increased by HK\$47.8 million from HK\$160.6 million for the six months ended 30 September 2015 to HK\$208.4 million for the six months ended 30 September 2016. Our net profit decreased by HK\$1.8 million from HK\$14.4 million for the year ended 31 March 2015 to HK\$12.5 million for the year ended 31 March 2016. Our net profit increased by HK\$0.2 million from HK\$5.9 million for the six months ended 30 September 2015 to HK\$6.1 million for the six months ended 30 September 2016.

### OUR COMPETITIVE STRENGTHS

We believe that the following principal strengths have contributed to our historical success and distinguished us from our competitors:

*We possess long years of experience and have a proven track record.*

Founded in 1987 when we first commenced our business as a professional cleaning services provider in Hong Kong, we have accumulated more than 29 years of experience in the environmental cleaning services industry. Since our inception, we have steadily expanded our

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business over the years to cover more districts and include other environmental cleaning services. As at the Latest Practicable Date, we offered a wide range of services under our environmental cleaning solutions and operated in all 18 districts throughout Hong Kong. Building on our strong track record, we have been able to achieve steady growth and continued success in the environmental cleaning services industry in Hong Kong.

We ranked tenth in the environmental cleaning services industry in Hong Kong in terms of revenue for the twelve months ended 31 December 2015, according to the F&S Report. According to the F&S Report, the street cleaning segment, which is highly concentrated due to the competitive tendering process, was dominated by a total of five market players including our Group, collectively accounting for 100% of the street cleaning segment in 2015. Furthermore, according to the F&S Report, the bus and ferry cleaning segment, which is also highly concentrated due to the competitive tendering process, was dominated by a total of five market players including our Group, collectively accounting for near 100% of the bus and ferry cleaning segment in 2015. We believe that our recognised industry experience, the diversity of our services, and our commitment to high quality and workplace safety have enabled us to strengthen our market position over the years and establish our reputation for delivering service excellence.

*We offer a broad portfolio of environmental cleaning solutions supported by a strong labour force and our proprietary fleet of specialised vehicles.*

To capture a wider customer base, we offer a broad portfolio of environmental cleaning solutions to address the diverse needs of our customers in the government, private, and public transport sectors. Our cleaning solutions comprise: (i) street cleaning solutions; (ii) building cleaning solutions; and (iii) bus and ferry cleaning solutions. In addition, we provide other value-added cleaning services, including specialised cleaning services such as confined space cleaning and external wall and window cleaning, which can be provided on a standalone basis or to complement our cleaning solutions. We believe that our diverse service offerings provide us with a competitive advantage as the majority of environmental cleaning services providers in Hong Kong are small-scale companies that only provide one to two types of cleaning services, according to the F&S Report. Our cleaning solutions enhance our customers' ability to manage their operational costs as they can contract with fewer services providers for a single project. Moreover, with our array of services supported by our own sizeable assets, we are able to engage in more competitive pricing strategies due to our reduced operating costs, which we believe has enhanced our cost competitiveness.

Our ability to offer comprehensive environmental cleaning solutions is made possible by our proprietary resources. As at the Latest Practicable Date, we had a labour force of more than 4,000 employees, including a number of licenced technicians that hold licences and certificates to perform specialised cleaning services, such as the Certificate of Confined Space Operations for Competent Person and Certified Worker, and the Certificate for Person Working on Suspended Working Platform. During the Track Record Period, our average monthly staff turnover rates were approximately 9.2%, 9.1% and 6.5% for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, respectively. Our Directors believe that

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our average monthly staff turnover rates are relatively low as compared to the average turnover rate ranging from 10.0% to 15.0% in the industry in 2015, according to the F&S Report. We maintain a stable and sizeable labour force to ensure that we are able to allocate appropriate resources to execute our service contracts reliably and effectively, participate in medium- to large-scale projects, and accommodate urgent manpower requests. In addition, we owned and operated a fleet of 77 specialised vehicles as at the Latest Practicable Date, including water wagons, refuse compaction vehicles, vacuum tankers, hook-lift trucks, tail-lift trucks, grab lorries and tipper trucks. Our wide range of specialised vehicles allows us to carry out a broad scope of environmental cleaning and waste management services, including the washing of streets and roads, the suction of sewage and liquid waste, and the collection, compaction and disposal of waste. Most of our street cleaning vehicles, as well as several of our other specialised vehicles, are equipped with GPS that enable us to track, monitor and allocate our vehicles efficiently, thus allowing us to optimise our service schedules. We believe that our readily available resources enhance our project execution capabilities, allow us to provide customers with cost-efficient cleaning solutions, and strengthen our ability to offer timely, reliable and flexible services.

***Our commitment to delivering high quality services is reflected by our strong management systems.***

We place strong emphasis on service quality. We implement stringent quality control measures and procedures at the management, administrative and operational levels to ensure that we consistently meet the expectations of our customers. Members of our senior management team oversee client management and actively participate in project management, while our operations managers also maintain close communications with our key customers to solicit valuable feedback on our services and to conduct quality control. As an environmental cleaning solutions provider in a highly competitive industry, we believe that cultivating a customer-oriented service culture among our staff is critical to our continued success. Accordingly, we conduct staff training and closely monitor the performance of our operations staff on a day-to-day basis to ensure that they understand and abide by our high service and workplace safety standards. Moreover, in recognition of our quality assurance, we have been accredited with ISO 9001:2008 for our quality management system standard, ISO 14001:2004 for our environmental management system standard, and OHSAS 18001:2007 for our occupational health and safety system standard. We believe that we have been able to develop longstanding customer relationships and generate repeat business from a number of our key customers owing to our reputation for quality control and ability to allocate resources commensurate to project scale, thereby ensuring customer satisfaction.

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*We have built longstanding relationships with key customers and a stable customer base.*

We believe that our adherence to high standards, dedication to understanding the needs of our customers and ability to respond quickly to their requests have fostered the ongoing trust and confidence that our customers have in our service delivery. Moreover, as we offer a broad portfolio of environmental cleaning solutions, customers that engage us for our cleaning solutions are able to enjoy cost advantages as they are able to contract with fewer cleaning services providers for a single project. We believe that our customers' confidence in our services and recognition of the value created by our cleaning solutions are demonstrated by our continued ability to secure service contracts from a number of repeat customers over the years. For example, we have been able to secure multiple contracts from some of our customers, including: (i) the HK Government department responsible for maintaining public order, crime prevention and law enforcement; (ii) the HK Government department responsible for fire fighting and rescue on land and sea; (iii) the HK Government department responsible for conservation of agriculture, fisheries and natural environment; (iv) the HK Government department responsible for managing prisons and prisoners; (v) a major publicly-listed property management company in Hong Kong; (vi) an international chain hotel operator in Hong Kong; and (vii) the four largest public bus operators and the largest public ferry operator in Hong Kong in terms of fleet size in 2015, according to the F&S Report.

We have been able to establish longstanding customer relationships, some of which have continued for more than ten years as at the Latest Practicable Date. Our senior management members and operations managers maintain regular contact with our existing key customers, including through regular meetings and site visits, so that we can fully appreciate, and cater to, each customer's individual service expectations and requirements. We believe that our focus on the specific needs of our customers and their familiarity with our high service quality have enabled us to form mutually beneficial relationships with them, which in turn has allowed us to maintain a stable customer base and generate recurring business.

*Our dedicated and experienced senior management team enables the successful development of our business.*

We are led by a dedicated and capable management team possessing extensive experience in the environmental cleaning services industry. Mr. C.S. Wong and Mr. M.S. Wong, our co-founders and executive Directors, have approximately 29 years of experience in managing the environmental cleaning services business. Under their leadership and vision, we have expanded our business significantly since our inception in 1987 to include the wide array of environmental cleaning solutions that we offer today. Our senior management members have extensive experience in the areas of business management, operations and financial management. Leveraging their extensive experience, we have been able to devise competitive tender proposals and price quotes that offer cost-effective solutions for customers, identify and manage corporate risks, and develop a stable customer base.

### OUR BUSINESS STRATEGIES

In order to further develop and expand our business, we aim to:

*Expand and further diversify our existing customer portfolio*

We believe that our ability to expand and diversify our customer base is critical to sustaining our business and growth. As part of our plan to acquire new customers, we intend to secure tender contracts with HK Government departments that have not previously engaged our services. We believe that our track record of delivering quality services to a number of government sector customers will help to strengthen our position as a tenderer for the environmental cleaning services projects of other HK Government departments, compared to other services providers that do not have a long history of serving the government sector. Moreover, with our considerable resources, including our stable and sizeable labour force and growing fleet of specialised vehicles, we believe that we are particularly well-equipped to undertake the projects of HK Government departments, which generally have significant requirements for their medium- to large-scale projects.

Moreover, we plan to gain greater exposure in the industry to reach a wider audience of private sector companies. According to the F&S Report, private sector companies in Hong Kong are increasingly outsourcing their cleaning work to environmental cleaning services providers and as such, demand from the private sector is expected to continue to rise. According to the F&S Report, revenue contribution from private sector customers in the environmental cleaning services industry in Hong Kong increased at a CAGR of 13.5% from HK\$4.6 billion in 2010 to HK\$8.6 billion in 2015. This number is expected to reach HK\$12.7 billion in 2020, representing a CAGR of 8.1% from 2015. In addition, private sector companies typically require high-margin cleaning services such as building cleaning services, as well as pest control and fumigation services, according to the F&S Report. To this end, we plan to increase our profile through advertising in traditional print media, as well as to keep track of advertisements published by Incorporated Owners of private properties to ensure that we submit timely applications to be listed as a contractor. We also intend to actively explore opportunities to serve these private sector companies by scheduling meetings with their respective management teams, which will allow us to present our capabilities and resources, broad service offerings and experience. We believe that increasing the number of private sector customers will allow us to further diversify our customer portfolio as we seek to gain a greater market share.

*Capitalise on existing customer relationships to identify new opportunities*

Historically, we have been able to build on our track record and capitalise on our customer relationships to secure additional opportunities to offer our services. We believe that our longstanding relationships with some of our key customers provide us with a significant advantage to continue to increase our market share. In this connection, we will continue to

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strengthen our relationships with key customers by adhering to our high standards for service quality and workplace safety as well as remaining readily available to meet their urgent or unique needs for environmental cleaning services. As many of our customers, such as HK Government departments, property management companies and a chain hotel operator, have multiple projects in Hong Kong, we will continue to foster their confidence and trust in our service delivery with a view to identifying and acquiring new opportunities to serve them.

### *Enhance our sales and marketing efforts to promote brand recognition*

We intend to bolster our sales and marketing efforts by hiring additional sales and marketing personnel to further develop our brand image and promote brand recognition. We believe that investing in our sales and marketing activities will enable us to strengthen our reputation for quality and safety. Our sales and marketing efforts will be targeted at private sector companies in Hong Kong, as these companies are expected to increasingly outsource their cleaning work to environmental cleaning services providers. In connection with this strategy, we plan to gradually recruit three additional marketing personnel, including a senior marketing officer with not fewer than two years of relevant experience. In addition to advertising through traditional print media such as industry magazine publications, we plan to expand our sales and marketing activities through online media by placing advertisements on the internet and enhancing our corporate website. We also intend to distribute printed materials in private buildings to advertise our services. We believe that our increased investment in sales and marketing activities will enable us to capture new opportunities and plan to allocate a total of approximately HK\$1.7 million, representing approximately 9.6% of the net proceeds from the Share Offer, to execute our sales and marketing strategies.

### *Expand our vehicle fleet*

We intend to grow our fleet of specialised vehicles in number and variety. We believe that maintaining a sizeable lineup provides us with a competitive edge as we are able to deploy our specialised vehicles quickly and efficiently to meet our service obligations under multiple projects and in different districts. Increasing the number and type of specialised vehicles in our fleet would enhance our ability to offer cost-effective, timely and reliable solutions to our customers. Moreover, as environmental cleaning services providers in Hong Kong that are equipped with specialised vehicles are able to provide a broader scope of environmental cleaning and waste management services as part of their overall services, such large-scale providers are able to charge higher service fees, according to the F&S Report. As such, we plan



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to allocate approximately HK\$8.2 million, representing approximately 47.4% of the net proceeds from the Share Offer, for the purchase of the following specialised vehicles in stages after the Listing and prior to 31 March 2018:

Name of specialised vehicle	Number to be purchased	Unit price <i>HK\$'000</i>	Estimated total amount <i>HK\$'000</i>
16-ton water wagon	4	730.0	2,920.0
16-ton grab lorry	2	1,050.0	2,100.0
Suction sweeper	1	2,000.0	2,000.0
30-ton hook-lift truck	1	1,200.0	1,200.0
	<b>Total: 8</b>		<b>Total: 8,220.0</b>

### *Purchase additional cleaning machinery and equipment*

To achieve our plans to expand our business and enhance our ability to undertake a greater number of projects, we seek to complement our planned growth in labour force with additional cleaning machinery and equipment. We believe that the addition of such cleaning machinery and equipment would enable us to undertake more contracts to provide value-added services, such as pest control and fumigation services as well as stone floor cleaning and maintenance, which are generally higher-margin services. According to the F&S Report, large-scale cleaning services providers that possess professional cleaning machinery and equipment are able to charge higher fees. With a view to improving our work efficiency and service quality, as well as enhancing the value of our services, we plan to allocate a total of approximately HK\$1.3 million, representing approximately 7.4% of the net proceeds from the Share Offer, for the purchase of the following cleaning machinery and equipment in stages after the Listing and prior to 31 March 2018:

Name of cleaning machinery and equipment	Number to be purchased	Unit price <i>HK\$'000</i>	Estimated total amount <i>HK\$'000</i>
Hot water pressure washer	23	21.5	494.5
Water suction cleaner	50	5.6	280.0
Power generator	16	8.8	140.8
Cold water pressure washer	15	5.8	87.0
Pest control machine	40	2.1	84.0
Marble floor refinishing machine	2	42.0	84.0
Automated floor cleaning machine	2	33.8	67.6
Lawn mower	5	4.5	22.5
Vacuum cleaner	10	1.8	18.0
Air blower	2	2.8	5.6
	<b>Total: 165</b>		<b>Total: 1,284.0</b>

We believe that the addition of newer, more automated cleaning machinery and equipment will further enhance the quality and value of our services while reducing our overall cost of rendering services.

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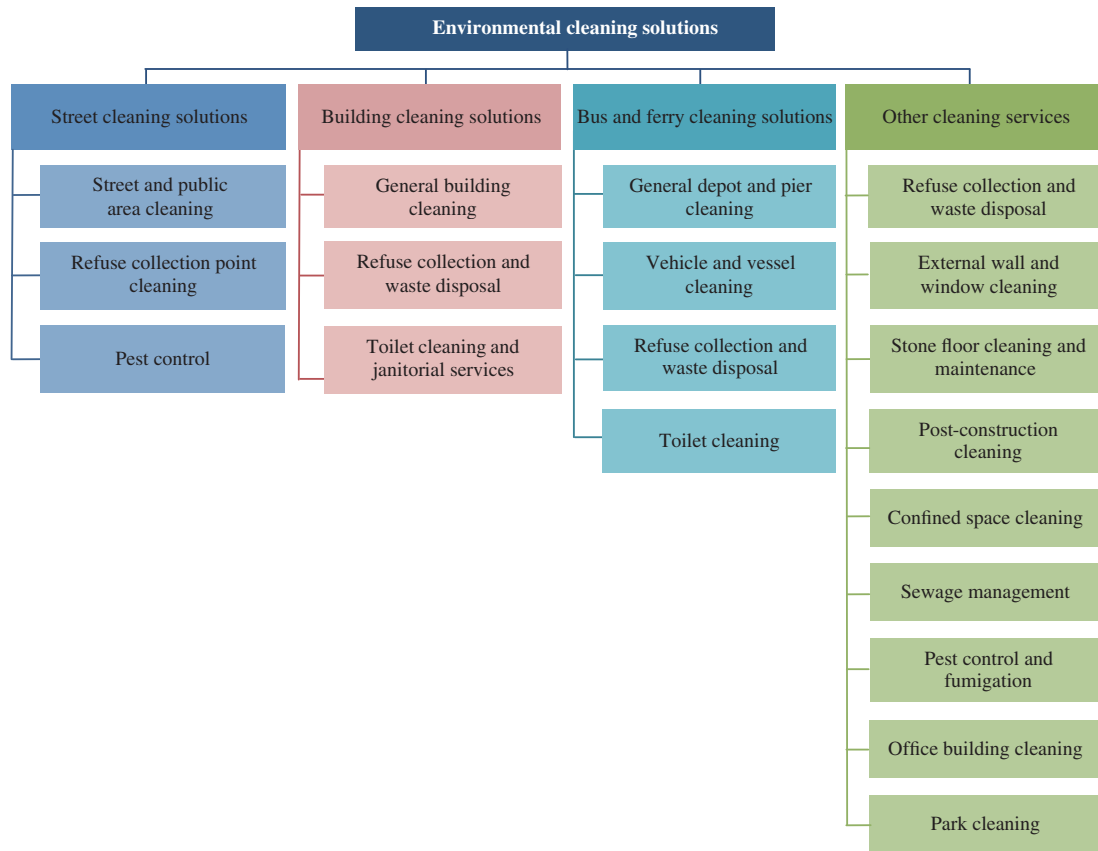
### OUR SERVICES

Since our inception in 1987, we have focused our operations on the provision of environmental cleaning solutions in Hong Kong. We offer a portfolio of environmental cleaning solutions to our customers, which include cleaning solutions and other value-added cleaning services on a standalone basis or to complement our cleaning solutions. We divide our environmental cleaning solutions into four principal service categories, namely: (i) street cleaning solutions; (ii) building cleaning solutions; (iii) bus and ferry cleaning solutions; and (iv) other cleaning services. The following table sets forth a breakdown of our revenue by principal service category for the periods indicated:

	Year ended 31 March				Six months ended 30 September			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	<i>(unaudited)</i>							
Street cleaning solutions . . . . .	164,313	52.0	207,224	59.7	87,675	54.6	134,949	64.8
Building cleaning solutions . . . . .	83,790	26.5	79,308	22.9	37,684	23.5	50,386	24.2
Bus and ferry cleaning solutions . . . . .	48,467	15.3	41,027	11.8	25,338	15.8	15,890	7.6
Other cleaning services . . . . .	19,750	6.2	19,440	5.6	9,857	6.1	7,165	3.4
<b>Total . . . . .</b>	<b><u>316,320</u></b>	<b><u>100.0</u></b>	<b><u>346,999</u></b>	<b><u>100.0</u></b>	<b><u>160,554</u></b>	<b><u>100.0</u></b>	<b><u>208,390</u></b>	<b><u>100.0</u></b>

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The following diagram sets forth a breakdown of our cleaning solutions by principal service category:



### *Street Cleaning Solutions*

A substantial portion of our revenue is generated from our street cleaning solutions, which can be broadly categorised into the following services:

- **Street and public area cleaning**, which mainly includes: the sweeping, washing and general cleaning of streets and roads, as well as the cleaning of gullies; the general cleaning of public areas such as sitting out areas, waste disposal, and the removal and disposal of illegal posters, banners and signboards; toilet cleaning services, minor repairs and maintenance of public toilets, as well as the provision of toilet attendants and supply of sanitary consumables. We provide street and public area cleaning services in specified districts in Hong Kong utilising specialised vehicles such as hook-lift trucks, refuse compaction vehicles and water wagons;
- **Refuse collection point cleaning**, which mainly includes the emptying, cleaning and washing of litter bins, the cleaning of waste separation bins for recyclables, the collection, transportation and hauling of waste to refuse collection points, and the provision of attendants to be stationed at refuse collection points;
- **Pest control**, which includes the application of mosquito repellents and qualified pesticides.

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In 2008, we secured our first contract by tender to provide street cleaning solutions for a district in the New Territories under a two-year service contract with the HK Government department responsible for public hygiene and food safety. As at the Latest Practicable Date, we had increased the scope of our street cleaning solutions with this customer to cover eight districts spanning Hong Kong Island, Kowloon and the New Territories. During the Track Record Period, we provided street cleaning solutions only to this department of the HK Government, which is also Customer A, our largest customer during the Track Record Period. During the Track Record Period, we entered into tender contracts and quotations for our street cleaning solutions. As at the Latest Practicable Date, we had in place 13 subsisting tender contracts for our street cleaning solutions.

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, revenue generated from our street cleaning solutions amounted to approximately HK\$164.3 million, HK\$207.2 million and HK\$134.9 million, respectively, accounting for 52.0%, 59.7% and 64.8% of our total revenue, respectively.

### *Building Cleaning Solutions*

Our building cleaning solutions can be broadly categorised into the following services:

- **General building cleaning**, which mainly includes the general cleaning of buildings and janitorial services, the cleaning of escalators, staircases, common areas and public facilities, the cleaning of floors and carpets, the cleaning of elevator shaft pits, toilet cleaning services, the emptying, cleaning and washing of litter bins, as well as waste disposal. We provide general building cleaning solutions to HK Government departments, public service entities, private property owners and property management companies. Specifically, we provide general building cleaning solutions for police stations, for which we also provide the cleaning and washing of police vehicles, and fire stations, municipal services buildings, post offices, prisons and correctional institutions, public health centres and clinics, logistics centres, warehouses, shopping arcades, office buildings and hotels.
- **Refuse collection and waste disposal**, which refers to the collection, transportation and hauling of waste from buildings to refuse transfer points or landfills; and
- **Toilet cleaning and janitorial services**, which include toilet cleaning services, minor repairs and maintenance, as well as the provision of toilet attendants and supply of sanitary consumables.

In 1999, we secured our first contract by tender to provide building cleaning solutions under a two-year service contract with the HK Government department responsible for leisure and cultural activities. As at the Latest Practicable Date, we had increased the scope of our building cleaning solutions to cover 16 districts spanning Hong Kong Island, Kowloon and the New Territories. Furthermore, we provide building cleaning solutions covering both commercial and residential properties for our private sector customers, which include a major

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publicly-listed property management company in Hong Kong, as well as an international chain hotel operator in Hong Kong with hotels spanning Asia and Europe. During the Track Record Period, we entered into both tender contracts and quotations for our building cleaning solutions. As at the Latest Practicable Date, we had in place 77 subsisting contracts for our building cleaning solutions.

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, revenue generated from our building cleaning solutions amounted to approximately HK\$83.8 million, HK\$79.3 million and HK\$50.4 million, respectively, accounting for 26.5%, 22.9% and 24.2% of our total revenue, respectively.

### *Bus and Ferry Cleaning Solutions*

Our bus and ferry cleaning solutions can be broadly categorised into the following services:

- **General depot and pier cleaning**, which mainly includes the janitorial services at depots and piers, such as the emptying, cleaning and washing of litter bins, as well as waste disposal;
- **Vehicle and vessel cleaning**, which mainly includes the interior and exterior washing and general cleaning of vehicles, the interior washing and general cleaning of vessels, the emptying, cleaning and washing of litter bins, and waste disposal;
- **Refuse collection and waste disposal**, which refers to the collection, transportation and hauling of waste from depots, piers, vehicles and vessels to refuse transfer points or landfills; and
- **Toilet cleaning**, which includes toilet cleaning services, as well as minor repairs and maintenance.

During the Track Record Period, we provided bus and ferry cleaning solutions to the four largest public bus operators and the largest public ferry operator in Hong Kong in terms of fleet size in 2015, according to the F&S Report. During the Track Record Period, we entered into tender contracts for our bus cleaning services and a majority of our ferry cleaning services. As at the Latest Practicable Date, we had in place three subsisting tender contracts for our bus and ferry cleaning solutions.

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, revenue generated from our bus and ferry cleaning solutions amounted to HK\$48.5 million, HK\$41.0 million and HK\$15.9 million, respectively, accounting for 15.3%, 11.8% and 7.6% of our total revenue, respectively.

### *Other Cleaning Services*

Other cleaning services refer to the various one-off cleaning services that can be provided to customers on a standalone basis. From time to time, our customers may also request that we provide our other cleaning services to complement the cleaning solutions that we provide them.

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Other cleaning services are typically offered as a one-off, non-continuous service to address a specific situation which generally involves a relatively limited scope of services and amount of resources, less time commitment, and smaller service fees. Our other cleaning services can be broadly categorised into the following services:

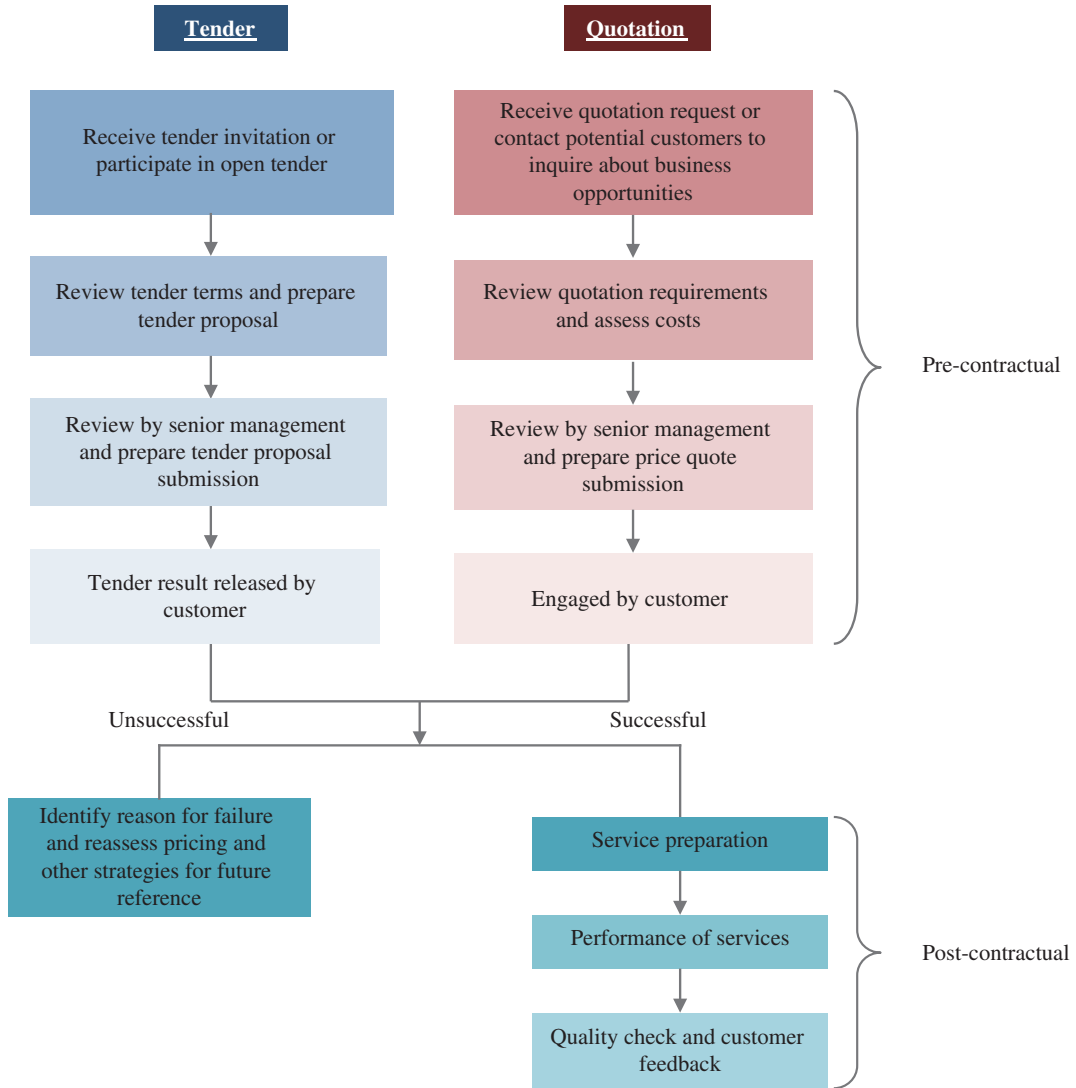
- **Refuse collection and waste disposal**, which refers to the collection, transportation and hauling of waste from refuse collection points to transfer stations or landfills;
- **External wall and window cleaning**, which refers to the general cleaning of external walls and windows for buildings, hotels, shopping arcades and residential complexes by our licenced technicians or qualified third-party workers procured from suppliers who possess the Certificate for Person Working on Suspended Working Platform;
- **Stone floor cleaning and maintenance**, which mainly refers to the cleaning, maintenance and refinishing of stone floors for offices, hotels, shopping arcades and residential complexes utilising floor cleaners and floor refinishing machines;
- **Post-construction cleaning**, which mainly includes: the cleaning of ceilings, internal walls, platforms, and indoor furniture; toilet cleaning; and the collection and disposal of construction waste;
- **Confined space cleaning**, which mainly includes the cleaning of water tanks and sump pits for commercial and residential buildings by our licenced technicians who possess the Certificate of Confined Space Operations for Competent Person and Certified Worker;
- **Sewage management**, which mainly includes liquid waste removal from grease traps, water tanks, sump pits and waste sewage tanks utilising specialised vehicles such as vacuum tankers;
- **Pest control and fumigation**, which mainly includes the application of repellents and qualified pesticides, as well as installing rat baits and traps for restaurants, offices, industrial buildings, residential complexes, cemeteries, streets and alleyways;
- **Office building cleaning**, which mainly includes our provision of building cleaning solutions, as well as the cleaning of office furniture, pantry, air conditioning vents and air filters; and
- **Park cleaning**, which mainly includes the general cleaning and maintenance of public and private parks, including any buildings, pedestrian walkways and car parks located therein.

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, revenue generated from our other cleaning services amounted to approximately HK\$19.8 million, HK\$19.4 million and HK\$7.2 million, respectively, accounting for 6.2%, 5.6% and 3.4% of our total revenue, respectively.

**OUR OPERATING PROCESS**

*Overview*

We enter into tender contracts or quotations for our services. The following flowchart summarises the key stages of our operating process:



*Pre-contractual*

**By tender**

- **Receive tender invitation or participate in open tender.** We receive tender invitations from existing and potential customers for our environmental cleaning solutions. We also search for open tender notices in the media such as the Hong Kong Government Gazette, local newspapers and customer websites.
- **Review tender terms and prepare tender proposal.** Our sales and marketing team reviews the tender terms, contract schedule and specifications to assess and

determine the appropriate services required to meet the customer's requirements. In determining our fees, our sales and marketing team will take into account the scale of the project, scope of services required, schedule and timelines involved, manpower as well as cleaning machinery and equipment needed, and the working capital requirements of the project. To estimate our costs, we may solicit price quotes from our suppliers for consumables. Where necessary, we may also arrange to conduct a site visit to better understand the scale and scope of services required by the customer. Tender invitations from government sector customers may also involve a preliminary briefing session and site visit during which we are able to obtain additional information about the tender opportunity. If we determine that the project is feasible and profitable based on the foregoing information, we proceed to prepare our tender proposal. Our tender proposal contains the scope of our services, fees, staff count, cleaning machinery and equipment, consumables and specialised vehicles to be utilised, schedule, and other information in accordance with the tender terms set forth in the tender invitation. We generally finalise our tender proposal within two weeks upon receiving a tender invitation.

- **Review by senior management and prepare tender proposal submission.** Our sales and marketing team presents our tender proposal to senior management team for review. The approval process generally takes one week. Upon approval by our senior management team, we proceed with the signing of tender proposal documents and printing of related materials, which generally takes three to five days. We then submit our tender proposal one day before the tender closing date. Depending on the tender terms, we are generally required to keep our tender proposal valid and open for acceptance on the terms of our tender proposal for a period that may range from 120 to 180 days after the relevant tender closing date. The period during which tenders are to remain valid and open is referred to as the validity period.
- **Tender result released by customer.** If our tender is successful, we may receive a letter of conditional acceptance from the customer within the validity period. Upon receiving the letter of conditional acceptance, we will be required to make performance deposits or surety bonds in the sum required by the tender terms as well as to fulfil other conditions stipulated in the letter of conditional acceptance in order to validate the tender. The letter of conditional acceptance constitutes a binding contract with the customer, subject to delivery of the performance deposits or surety bonds and fulfillment of any conditions. If we do not receive a notification or letter of acceptance from the customer within the validity period, our tender is assumed to be unsuccessful, and our customer will return our performance deposits or surety bonds, without interest, at the conclusion of the tendering process. For unsuccessful tenders, we review details of the tender to identify reasons for the failure and reassess our pricing and other strategies for future reference.



### **By quotation**

- **Receive quotation request or contact potential customers to inquire about business opportunities.** We may from time to time receive quotation requests from our existing or potential customers for our environmental cleaning solutions. Such quotation requests specify services to be rendered, schedule and timelines involved, manpower and cleaning machinery and equipment needed, as well as other specifications required by the customer. We also arrange for meetings and perform business presentations to introduce our environmental cleaning solutions to potential private sector customers.
- **Review quotation requirements and assess costs.** Similar to our tendering process, the sales and marketing team reviews the quotation requirements, contract schedule and specifications to assess and determine the appropriate services required to meet the customer's requirements. To estimate our costs, we may solicit price quotes from our suppliers for consumables. Depending on our resource capacity planning and the nature of the services to be provided, we may also engage third-party workers procured through suppliers to perform a specific service, such as external wall and window cleaning services, for our private sector customers, subject to customer approval. See “– Suppliers” for details. Where necessary, we may also arrange to conduct a site visit to better understand the scale and scope of services required by the customer. Based on the foregoing information, we proceed to prepare our price quote. We generally finalise our price quote within three days of the quotation closing date.
- **Review by senior management and prepare price quote submission.** Our price quote contains the scope of our services, fees, staff count, cleaning machinery and equipment, consumables and specialised vehicles to be utilised, schedule, and other information in accordance with the quotation request. Our sales and marketing team presents our price quote to senior management team for review. Upon approval by our senior management team, which generally takes three days we submit our price quote.
- **Engaged by customer.** Our customer will notify us of the acceptance of our price quote. For unsuccessful quotations, we review details of the quotation to identify reasons for the failure and reassess our pricing and other strategies for future reference.

### ***Post-contractual***

#### **Service preparation**

Upon entering into a contract, we will have a meeting with the customer to discuss the arrangement and deployment of manpower and resources in detail. Our sales and marketing manager will coordinate with our operations manager to devise a detailed project plan, including the assignment of operations staff, the distribution of consumables and the deployment of our cleaning machinery and equipment, as well as specialised vehicles.

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Generally we assign one or more on-site supervisors for each project. We assign one district manager who is responsible for coordinating with the on-site supervisors with respect to service preparation. To ensure timely performance, the district manager will arrange for the necessary manpower, service schedule, consumables, as well as cleaning machinery and equipment 30 days prior to service performance based on the detailed project plan. The day prior to service performance, the district manager will distribute cleaning machinery and equipment, as well as consumables such as trash bags, toiletries and cleaning chemicals. Depending on our resource capacity planning and the nature of the services to be provided, we may also engage third-party workers procured through suppliers to perform a specific service, such as external wall and window cleaning services, for our private sector customers, subject to customer approval.

### **Performance of services**

All of our operations staff and third-party workers procured through suppliers are given an initial briefing on their assigned project prior to commencing work. We station on-site supervisors and a foreman at each project location to oversee the performance of all operations staff and third-party workers, and provide them with on-site training on a day-to-day basis. Our on-site supervisors and foremen will monitor the performance of our operations staff and third-party workers, ensure that performance is on schedule and that sufficient resources are available, and make periodic reports to our senior management team.

### **Quality check and customer feedback**

Our on-site supervisors and foremen perform daily quality checks on site. In the event of any customer complaint for substandard services, our on-site supervisors will arrange for immediate rectification work and additional training for our operations staff and third-party workers. Our operations manager performs periodic site inspection on work performance as part of our quality control procedures. To ensure transport safety, our supervisors also spot-check our drivers and monitor their driving behaviour on a routine basis. During the Track Record Period and as at the Latest Practicable Date, we did not receive any material complaints from any of our customers regarding our service quality.

### ***Seasonality***

Our Directors are of the view that our environmental cleaning solutions business does not exhibit any significant seasonal fluctuations.

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### CUSTOMERS, PRICING POLICY AND CONTRACTING

#### *Customers*

##### **By customer type**

We provide our environmental cleaning solutions to three types of customers: (i) government sector customers; (ii) private sector customers; and (iii) public transport customers. During the Track Record Period, all of our customers were located in Hong Kong. As at 30 September 2016, we had in place 37 subsisting contracts with government sector customers, 63 subsisting contracts with private sector customers, and three subsisting contracts with public transport customers.

The number of our customers may vary from year to year depending on our ability to secure new service contracts, as well as our customers' need for continuing services after the expiration of existing contracts. In particular, the number of private sector customers may vary significantly from year to year, as we receive requests from certain customers for one-off services which are non-recurring in nature and are typically requested by private sector customers to address a specific situation which generally involves a relatively limited scope of services and amount of resources, less time commitment, and smaller service fees.

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, we had a total of 418, 397 and 292 customers, respectively, including customers requesting one-off services.

The following table sets forth a breakdown of our revenue by customer type for the periods indicated:

	Year ended 31 March				Six months ended 30 September	
	2015		2016		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Government sector customers . . . . .	201,576	63.7	234,907	67.7	151,595	72.8
Private sector customers . . . . .	66,293	21.0	71,065	20.5	40,871	19.6
Public transport customers <sup>(1)</sup> . . . . .	48,451	15.3	41,027	11.8	15,924	7.6
<b>Total . . . . .</b>	<b><u>316,320</u></b>	<b><u>100.0</u></b>	<b><u>346,999</u></b>	<b><u>100.0</u></b>	<b><u>208,390</u></b>	<b><u>100.0</u></b>

*Note:*

- (1) Refers to the two largest public bus companies according to the F&S Report, and one public ferry company, all of which are located in Hong Kong. We contracted with these two public bus companies to provide bus cleaning services to four public bus operators during the Track Record Period.

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### *Government sector customers*

During the Track Record Period, our key government sector customers included the HK Government departments responsible for: (i) public hygiene and food safety; (ii) maintaining public order, crime prevention and law enforcement in Hong Kong; (iii) fire fighting and rescue on land and sea; (iv) postal services; (v) conservation of agriculture, fisheries and natural environment; (vi) managing prisons and prisoners; (vii) providing healthcare services; (viii) providing leisure and cultural activities; (ix) providing auxiliary services with regard to security; (x) providing social and economic statistics; (xi) providing reliable and adequate supply of potable water and sea water; (xii) fighting corruption; and (xiii) providing community welfare services. We also serve HK Government authorities and entities responsible for operating parks and public services buildings. As the HK Government department responsible for public hygiene and food safety is the sole authority responsible for outsourcing street cleaning related work in Hong Kong, all of our street cleaning solutions are provided to this HK Government department. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, revenue generated from contracts with government sector customers amounted to HK\$201.6 million, HK\$234.9 million and HK\$151.6 million, respectively, accounting for 63.7%, 67.7% and 72.8% of our total revenue, respectively.

### *Private sector customers*

During the Track Record Period, our key private sector customers included an international real estate investment and management firm, a major publicly-listed property management company in Hong Kong, as well as an international chain hotel operator in Hong Kong with hotels spanning Asia and Europe. We mainly provide building cleaning solutions and other cleaning services to our private sector customers. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, revenue generated from contracts with private sector customers amounted to HK\$66.3 million, HK\$71.1 million and HK\$40.9 million, respectively, accounting for 21.0%, 20.5% and 19.6% of our total revenue, respectively.

### *Public transport customers*

During the Track Record Period, our public transport customers comprised the two largest public bus companies in Hong Kong according to the F&S Report and one public ferry company. We contracted with these two public bus companies to provide bus cleaning services to the four largest public bus operators in Hong Kong in terms of fleet size in 2015, according to the F&S Report. Our public ferry customer is the largest public ferry operator in Hong Kong in terms of fleet size in 2015, according to the F&S Report. See “Industry Overview – The Environmental Cleaning Services Industry in Hong Kong – Our Market Position – Public bus and ferry cleaning services.” We mainly provide bus and ferry cleaning solutions to our public transport customers. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, revenue generated from contracts with public transport customers amounted to HK\$48.5 million, HK\$41.0 million and HK\$15.9 million, respectively, accounting for 15.3%, 11.8% and 7.6% of our total revenue, respectively.

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### Our five largest customers

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, revenue generated from our five largest customers amounted to HK\$239.6 million, HK\$278.1 million and HK\$173.1 million, respectively, accounting for 75.7%, 80.2% and 83.1% of our total revenue, respectively. Revenue generated from our largest customer amounted to HK\$164.3 million, HK\$204.8 million and HK\$135.1 million, respectively, accounting for 52.0%, 59.0% and 64.8% of our total revenue, respectively. A significant majority of our contracts with our five largest customers are secured by tender. The following table sets forth details of services provided to our five largest customers during the Track Record Period:

Five largest customers	Nature of business	Services rendered	Approximate years of relationship	Transaction amount and percentage					
				Year ended 31 March				Six months ended 30 September	
				2015		2016		2016	
				HK\$'000	%	HK\$'000	%	HK\$'000	%
Customer A	A HK Government department responsible for public hygiene and food safety	(1), (2)	8	164,342	52.0	204,803	59.0	135,090	64.8
Customer B	A Hong Kong listed public bus company	(3)	11	26,080	8.2	29,200	8.4	15,040	7.2
Customer C	A subsidiary jointly owned by two public bus companies in Hong Kong	(3)	5	21,218	6.7	10,197	2.9	-	-
Customer D	A HK Government department responsible for maintaining public order, crime prevention and law enforcement in Hong Kong	(2)	11	15,648	4.9	20,269	5.9	12,692	6.1
Customer E	A NYSE listed property management company	(2), (4)	12	12,285	3.9	13,674	4.0	6,824	3.3
Customer F	A Hong Kong listed public transport company and property developer	(2)	2	32	0.0	4,529	1.3	3,448	1.7
<b>Total revenue from our five largest customers during the respective year/period</b>				<b>239,573</b>	<b>75.7</b>	<b>278,143</b>	<b>80.2</b>	<b>173,094</b>	<b>83.1</b>

*Notes:*

- (1) Street cleaning solutions
- (2) Building cleaning solutions
- (3) Bus and ferry cleaning solutions
- (4) Other cleaning services

### **Our relationship with Customer A**

Customer A is a HK Government department responsible for public hygiene and food safety. A majority of our contracts with Customer A were secured through tenders while a limited number of contracts with smaller contract value were secured through quotations during the Track Record Period. While revenue from Customer A during the Track Record Period exhibited a certain degree of revenue concentration from Customer A, our Directors consider that our concentration risk is low for the following reasons:

- We had a total of 13 subsisting tender contracts with Customer A for street cleaning solutions as at 30 September 2016. The contract value of these 13 subsisting tender contracts ranged from HK\$10.8 million to HK\$82.7 million;
- Customer A is a HK Government department and the sole authority responsible for outsourcing street cleaning related work in Hong Kong, and it does not have any competitors. The risk of Customer A becoming bankrupt or experiencing a major lack of funding resulting in an inability to outsource street cleaning work is low;
- as Customer A is the sole authority that can outsource street cleaning related work in Hong Kong, our Directors consider that Customer A will continue to have substantial needs for street cleaning solutions from companies that have the necessary scale, resources and track record for quality;
- with our street cleaning solutions encompassing a wide array of services and our sizeable assets including a strong labour force and a fleet of specialised vehicles, we have readily available resources to meet the requirements of Customer A's street cleaning projects, which are typically large-scale projects. We also have the resources to cover multiple districts throughout Hong Kong. We believe that our range of services and proprietary assets strengthen our position as a cost-effective solutions provider for street cleaning projects, particularly given that the majority of environmental cleaning services providers in Hong Kong are small-scale companies that only provide one to two types of cleaning services, according to the F&S Report;
- our Directors are of the view that our strong track record of providing quality services to customers has engendered trust and confidence in our performance and service delivery, as well as enabled us to develop stable relationships with our key customers, including Customer A. Our Directors believe that our customers' familiarity with our high service quality, coupled with our competitive service fees, is demonstrated by our continued ability to secure contracts with our key customers, including tender contracts and quotations awarded by Customer A for our street cleaning solutions;

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- as confirmed by the Company, during the Track Record Period and as at the Latest Practicable Date, no contracts between Customer A and our Group have been terminated for the reason other than the expiry of contract term; further, prior to and during the Track Record Period and as at the Latest Practicable Date, our Group has not received any demerit points from Customer A under the existing demerit points system. If our Group accumulates three or more demerit points over a rolling period of three years during the contract term, the existing tender contract will be terminated forthwith by Customer A. Apart from the termination of the existing tender contract, the record of demerit points will be taken into account by Customer A to consider our future bids for all of its service contracts and this may result in our failure to have a newly awarded contract from Customer A. Keen competition among the tenderers may also lead to our lost bid for Customer A's service contract. For further details of the existing demerit points system, please refer to "Business – Customers, Pricing Policy and Contracting – Our Service Contracts – Tender Contracts";
- revenue of the 13 subsisting tender contracts with Customer A as at 30 September 2016 represents 64.8% of the total revenue of our Group ended 30 September 2016. Failure of the Group in winning any new tender contract from Customer A may lead to a decrease in revenue of approximately HK\$89.0 million from approximately HK\$316.0 million in the year ending 31 March 2017 to approximately HK\$227.0 million in the year ending 31 March 2018, which will have a material impact on the operations and financial results of our Group; and
- during the Track Record Period, our Group has a total of 18 tender contracts with Customer A, five of which have expired during the Track Record Period and a majority of the 11 existing tender contracts have a contract term of two years and the remaining with a term of five years. We have been able to consistently secure tender contracts with Customer A each year during the Track Record Period. As such, given the track record of the Company's relationship with Customer A and the fact that these contracts will continue to operate for a number of years before their expiry, our Directors believe that the Group is unlikely to face a loss or termination of all or a significant number of these contracts.

*Material circumstances that may lead to termination of the Group's tender contracts with Customer A*

Pursuant to the general conditions of our tender contracts with Customer A, among other things, Customer A is entitled to terminate the tender contracts forthwith (a) when we become insolvent or a petition has been filed for our winding-up or a receiver or manager of our assets has been appointed; (b) we commit material breaches of the terms of the tender contracts such as the wage level, daily maximum working hours or wage payment; (c) we breach our warranties and undertakings under the tender contracts; (d) we fail to maintain all required insurances; (e) we fail to maintain sufficient work force and equipment as per the tender contracts; (f) we fail to perform the designated services under the tender contracts or to

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Customer A's satisfaction; (g) we fail to pay any sum due under the tender contracts; (h) we assign any part of the tender contract without Customer A's prior written consent; (i) we make false declaration about our conviction record; and (j) we are convicted of any of the offences as stipulated in the tender contracts.

Under the special conditions of our tender contracts with Customer A, any conviction of offences under the laws of Hong Kong as stipulated in the tender contracts and an accumulation of three or more demerit points over a rolling period of three years will lead to immediate termination of the tender contract by Customer A.

The following table sets forth the number of tenders awarded to the Group by Customer A and the respective tender success rate during the Track Record Period:

	<u>Year ended 31 March</u>		<b>Six months ended 30 September</b>
	<u>2015</u>	<u>2016</u>	<u>2016</u>
Number of tenders submitted by the Group . . . . .	19	23	8
Number of tenders awarded to the Group . . . . .	1	9	2
Tender success rate (%) . . . . .	5.3	39.1	25.0

For the year ended 31 March 2015, the tender success rate was relatively low because the Group intended to diversify into various cleaning solutions for Customer A, including street cleaning solutions, building cleaning solutions and other cleaning services. For the year ended 31 March 2016 and the six months ended 30 September 2016, the tender success rate increased as the Group focused on submitting tenders for street cleaning solutions, the major service type that we had past track record and experience in serving Customer A.

The total number and aggregate outstanding contract value of all ongoing contracts (for both street cleaning and waste collection services) with Customer A as at the Latest Practicable Date are 13 and approximately HK\$330.5 million, respectively.



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The respective completion dates of the 13 ongoing contracts with Customer A are listed below:

Service Area	Completion Date
1. Tsuen Wan District	30 April 2017
2. Fanling in North District	30 September 2017
3. Sheung Shui in North District	30 September 2017
4. Cemeteries and Crematoria (Hong Kong and Kowloon) Sections and Kowloon East Districts	30 September 2017
5. Kowloon City District (South)	30 September 2017
6. Kowloon City District (North)	30 September 2017
7. Tuen Mun District	30 November 2017
8. Yuen Long District (East)	30 June 2018
9. Yuen Long District (West)	30 June 2018
10. Mong Kok District (East)	31 August 2018
11. Mong Kok District (West)	31 August 2018
12. Mong Kok District (Waste Collection Service)	31 May 2017
13. Tsuen Wan District (Waste Collection Service)	31 May 2021

The following table sets forth the number and aggregate contract value of: (a) tender invitations received by the Group; (b) tenders submitted by the Group; and (c) tenders awarded to the Group by customers other than Customer A after the Track Record Period and up to the Latest Practicable Date:

	Tender invitations received by the Group	Tenders submitted by the Group		Tenders awarded to the Group	
	Number	Number	Contract Value	Number	Contract Value
			<i>HK\$'000</i>		<i>HK\$'000</i>
October 2016	16	16	39,944	3	3,881
November 2016	27	27	67,865	7	14,094
December 2016	22	22	37,352	4	1,024
January 2017	14	14	382,272	2	2,076
February 2017	17	17	106,053	–	–
March 2017	42	42	86,138	–	–
<b>Total</b>	<b>138</b>	<b>138</b>	<b>719,624</b>	<b>16</b>	<b>21,075</b>

*Note:* As confirmed by the Directors, generally a tenderer may be notified of the tender result within three months after the tender has been submitted.

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In line with our business strategy to expand and further diversify our existing customer portfolio, our Group has submitted tenders for all tender invitations received from customers other than Customer A. In order to obtain more tender invitations from customers other than Customer A, the Group plans to strengthen its brand recognition through advertising, and expand our sales and marketing team and promotional activities. For details, see “– Our Business Strategies – Expand and further diversify our existing customer portfolio” and “– Enhance our sales and marketing efforts to promote brand recognition”.

As the provision of street cleaning solutions is one of our core services, we intend to continue to tender for Customer A’s street cleaning projects. However, to dilute the effects of customer concentration, we plan to expand and further diversify our customer base by: (i) seeking opportunities to participate in projects awarded by other HK Government departments; and (ii) securing more service contracts with private sector customers, particularly for our building cleaning solutions and other cleaning services. See “– Our Business Strategies – Expand and further diversify our existing customer portfolio” for more details.

Our Directors confirm that, as at the Latest Practicable Date, all of our five largest customers were Independent Third Parties and that none of our Directors, their associates or our existing Shareholders holding more than 5% of our issued share capital, to the knowledge of our Directors, had any interest in any of our five largest customers.

### *Our Service Contracts*

Service contracts with our customers can be broadly categorised into tender contracts and quotations. The following table sets forth a breakdown of our revenue by contract type for the periods indicated:

	Year ended 31 March				Six months ended 30 September	
	2015		2016		2016	
	<i>HK\$’000</i>	%	<i>HK\$’000</i>	%	<i>HK\$’000</i>	%
Tender contracts . . . . .	286,747	90.7	321,652	92.7	194,241	93.2
Quotations . . . . .	29,573	9.3	25,347	7.3	14,149	6.8
<b>Total . . . . .</b>	<b><u>316,320</u></b>	<b><u>100.0</u></b>	<b><u>346,999</u></b>	<b><u>100.0</u></b>	<b><u>208,390</u></b>	<b><u>100.0</u></b>

### **Tender contracts**

Tender contracts are service contracts that we secure through a tendering process. During the Track Record Period, we were awarded tender contracts by government sector customers, private sector customers such as property owners, property management companies and a chain hotel operator, as well as public transport customers. During the Track Record Period, these customers engaged us to provide street cleaning solution, building cleaning solution and bus and ferry cleaning solution. Our tender contracts generally have a fixed contract period ranging

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from one to two years. Our tender success rates were approximately 9.4%, 15.4% and 13.2% for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, respectively. We believe that the increase in our tender success rates during the Track Record Period is attributable to our longstanding customer relationships, years of experience, strong labour force and proprietary assets. In addition to cleaning solutions, we also offer other cleaning services, such as external wall and window cleaning, stone floor cleaning and maintenance, post-construction cleaning and confined space cleaning, to customers on a standalone basis or to complement our cleaning solutions. See “– Customers, Pricing Policy and Contracting – Our Service Contracts – Quotations.”

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, we had a total number of 70, 92 and 103 tender contracts, respectively, which in aggregate generated revenue of HK\$286.7 million, HK\$321.7 million and HK\$194.2 million, respectively, accounting for 90.7%, 92.7% and 93.2% of our total revenue, respectively. Our sales and marketing team is responsible for keeping track of any new open tender with the same customer. During the Track Record Period, several of our government sector and private sector customers awarded us successive tender contracts.

The following table summarises details of our tender contracts for the periods indicated:

	Year ended 31 March		Six months ended 30 September
	2015	2016	2016
<b>Number of tender contracts</b>			
Government sector customers . . . . .	26	28	37
Private sector customers . . . . .	40	61	63
Public transport customers <sup>(1)</sup> . . . . .	4	3	3
<b>Range of contract period</b>			
<i>(months)</i>			
Government customers . . . . .	9 – 60	9 – 60	9 – 60
Private sector customers . . . . .	1 – 24	1 – 36	1 – 36
Public transport customers <sup>(1)</sup> . . . . .	12 – 36	12 – 36	12 – 36
<b>Range of approximate transaction</b>			
<b>amount (HK\$'000)</b>			
Government sector customers . . . . .	1 – 3,380	1 – 3,716	1 – 3,663
Private sector customers . . . . .	1 – 719	1 – 340	1 – 373
Public transport customers <sup>(1)</sup> . . . . .	1 – 434	1 – 467	1 – 268

*Note:*

- (1) We contracted with the two largest public bus companies in Hong Kong according to the F&S Report to provide bus cleaning services to four public bus operators during the Track Record Period.

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The following table sets forth a rolling back-log of the Group's tender contracts by number as at the dates indicated:

	As at 31 March		As at 30 September
	2015	2016	2016
	Number of subsisting tender contracts at the beginning of year/period <sup>(1)</sup> . . .	70	70
Number of new tender contracts awarded during the year/period <sup>(2)</sup> . . .	49	91	38
Number of expired tender contracts <sup>(3)</sup> . . .	49	69	27
Number of subsisting tender contracts at the end of year/period <sup>(4)</sup> . . . . .	70	92	103

*Notes:*

- (1) Subsisting tender contracts at the beginning of year/period refer to tender contracts that we had entered into during the preceding year and: (a) performance of services had not commenced yet; or (b) performance of services had commenced but had not yet been completed at the time.
- (2) New tender contracts awarded during the year/period refer to contracts newly secured by tender during the year/period.
- (3) Expired tender contracts refer to tender contracts for which we had completed performance of services during the year/period.
- (4) Subsisting tender contracts at the end of year/period refer to tender contracts for which performance of services had not yet been completed at the time.

The following table sets forth breakdown of revenue by range of contract value of the Group during the Track Record Period:

Range of contract value	Year ended 31 March		Six months ended 30 September
	2015	2016	2016
	<i>HK\$000</i>	<i>HK\$000</i>	<i>HK\$000</i>
Over HK\$20 million . . . . .	144,185	190,419	110,406
Over HK\$10 million and less than HK\$20 million . . . . .	26,080	30,952	39,724
Less than HK\$10 million . . . . .	146,055	125,628	58,260
	<u>316,320</u>	<u>346,999</u>	<u>208,390</u>

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The following table sets forth a rolling back-log of the Group's tender contracts by contract value as at the dates indicated:

	As at 31 March		As at 30 September
	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Contract value of subsisting tender contracts at the beginning of year/period . . . . .	491,976	507,981	587,401
Contract value of new tender contracts awarded during the year/period . . . . .	65,042	507,382	342,964
Contract value of expired tender contracts . . .	49,037	427,962	18,524
Contract value of subsisting tender contracts at the end of year/period . . . . .	507,981	587,401	911,841

The outstanding contract sum of the Group as at the Latest Practicable Date was approximately HK\$400.7 million.

The following table sets forth the amount of revenue of the Group to be recognised in each of the six months ended 30 September 2016, the six months ending 31 March 2017, 30 September 2017 and 31 March 2018:

	April	May	June	July	August	September	October 2016 -	April 2017 -	October	Total
	2016	2016	2016	2016	2016	2016	March 2017	September 2017	2017 - March 2018	
HK\$ in million	29.6	29.7	31.1	37.3	38.1	42.6	253.4	254.1	252.9	968.8

The following table sets forth breakdown of the number of tenders submitted and tender success rate by customer type during the Track Record Period:

	Year ended 31 March		Six months ended 30 September
	2015	2016	2016
	<b>Number of tenders submitted</b>		
Government sector customers . . . . .	122	112	53
Private sector customers . . . . .	289	304	114
Public transport customers <sup>(1)</sup> . . . . .	3	–	–
<b>Tender success rate (%)</b>			
Government sector customers . . . . .	13.1%	21.4%	20.8%
Private sector customers . . . . .	6.9%	13.2%	9.7%
Public transport customers <sup>(1)</sup> . . . . .	100%	–	–

*Note:*

- (1) Refers to the two largest public bus companies according to the F&S Report, and one public ferry company, all of which are located in Hong Kong. We contracted with these two public bus companies to provide bus cleaning services to four public bus operators during the Track Record Period. See “Business – Customers, Pricing Policy and Contracting – Customers.”

For government sector customers, the number of tender contracts awarded and the fluctuations in tender success rates depend on the Company’s score as calculated in accordance with the weighted marking system during the tendering process. As part of our tendering strategy, we have submitted tenders for all tender invitations received from customers during the Track Record Period on the basis that our tenders remain competitive in pricing, which factors in relevant costs (particularly labour costs), profit margin and adequate manpower. Our sales and marketing team also monitors and keeps track of new open tenders. However, the environmental cleaning services industry in Hong Kong is highly competitive, and we may not be able to compete successfully in the tendering process. As such, our tender success rate slightly fluctuated during the Track Record Period.

The principal terms of our tender contracts include the following:

- **Pre-requisite documents.** Tender contracts with government sector customers generally contain more requirements such as the submission of our business background, financial information and organisation status.
- **Term and termination.** Our tender contracts generally have a term of one to two years. Occasionally our customers may engage us for a longer term of five years. The tender contracts include a termination clause giving both parties the right to terminate under different circumstances. Our customers may in general terminate tender contracts by serving seven to 30 days’ written notice to us in the event of non-compliance with any provisions in the tender contracts. Grounds upon which tender contracts may be terminated by our customers generally include if we: (i) fail to remedy a material breach within the specified period of time; (ii) substantially or persistently fail to provide services that meet the requisite standard as stipulated in the tender contracts; (iii) provide incomplete, untrue or misleading information or data in the tender proposal; (iv) become bankrupt or go into liquidation or if a petition has been filed for our bankruptcy; or (v) make a general assignment, composition or arrangement for the benefit of our creditors. Furthermore, tender contracts with government sector customers allow for more discretion by government sector customers to terminate the tender contracts. Generally, government sector customers may terminate the tender contracts immediately upon the occurrence of any of the following events: (i) any conviction of offences under the laws of Hong Kong, such as the Employment Ordinance and the Mandatory Provident Fund Schemes Ordinance; (ii) an accumulation of demerit points in excess of the limit over a period of time as stipulated in the tender contracts; or (iii) an offer of any gratuity, bonus, discount, bribe or loan to any employee of HK Government departments. Our Directors confirm that, during the Track Record Period and as at the Latest Practicable Date, none of our tender contracts with government sector customers was terminated for the above reasons.

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Grounds upon which we can terminate the tender contracts, with the exception of tender contracts with government sector customers, include if our customers: (i) fail to remedy a material breach within the specified period of time; (ii) become bankrupt or go into liquidation or a petition has been filed for their bankruptcy; or (iii) make a general assignment, composition or arrangement for the benefit of their creditors. We are generally not permitted to terminate tender contracts with government sector customers.

- **Demerit points system.** Tender contracts with government sector customers generally contain provisions in relation to demerit points system. Under the existing demerit points system, one demerit point will be incurred when a notice of default in employment commitment is issued to a contractor who fails to comply with the contractual obligations under the tender contract in respect of wage level, daily maximum working hours, signing of standard employment contracts and wage payment by means of autopay (payment by cheque is only allowed upon termination of employment contract and is made at the request of the worker concerned) to the workers. The government department will at any time terminate our tender contracts forthwith if we, in the performance of the tender contracts, incur an aggregate of three or more demerit points over a rolling period of three years. Apart from the termination of the existing tender contracts, the demerit points given to a contractor by the government departments will be taken into account by the government in tender evaluation of the contractor's future bids for all government service contracts, and this may result in the contractor failing the tender assessment.

As confirmed by the Company, our Group did not incur any demerit points prior to and during the Track Record Period and as at the Latest Practicable Date. With respect to the recent fatal accident on 27 September 2016, based on the information currently available and the advice of our Hong Kong Legal Counsel dated 12 January 2017, our Directors believe that it is unlikely that the driver would be charged with an offence that would result in the incurring of any demerit points. As the legal proceedings against the driver are still ongoing, our Group is closely monitoring the situation and will continue to assess any potential impact on our Group's ability to tender for the government contracts. See “– Compliance and Legal Proceedings – Legal Proceedings – Material potential legal proceeding” for details.

- **Other Default Notice.** Notice in default other than the notice of default in employment commitment as described above (the “**Other Default Notice**”) may be issued by government sector customers under certain circumstances including: (i) if the contractor or his employees commits serious defaults, such as using the waste collection vehicle for other purposes during working hours, a notice of blatant default may be issued; and (ii) if the contractor's employees commit misbehaviour, such as sleeping, idling and smoking, a notice of behavioural default may be issued. There is no stipulation under our tender contracts with government sector customers that the issuance of the Other Default Notices would attract demerit point.

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- **Manpower and resource deployment.** The tender contracts may specify the number of expected staff and the cleaning machinery and equipment as well as specialised vehicles required. We also include an emergency contact list to our customers in case of any emergency, such as severe weather conditions. Some of our tender contracts include penalty provisions for manpower shortages, subjecting us to penalties if we do not staff sufficient manpower as stipulated in the relevant tender contracts. Our Directors confirm that we did not experience any material cases in which we were subject to penalties as a result of manpower shortages during the Track Record Period and as at the Latest Practicable Date.
- **Service specifications and service schedule.** The scope of services and frequency of services are predetermined by our customers and set out in the tender contracts. Our tender contracts with customers are closely tailored to each customer's specifications and needs. During the Track Record Period, none of our tender contracts entered into with our customers contained an exclusivity clause which restricts our ability to provide services to other customers. Depending on the terms of the tender contracts, our customers may have the right to deduct the service fees payable by them or employ other services providers to rectify and execute the outstanding works at our own expenses if we fail to comply with the manpower, qualifications and resource deployment requirements set out in the relevant tender contracts or if we fail to perform services to our customer's satisfaction in accordance with the contract terms. Our Directors confirm that, during the Track Record Period and as at the Latest Practicable Date, we did not experience any material cases in which our service fees were deducted by our customers or our customers employed other services providers to rectify and execute the outstanding works at our expenses for the above reasons.
- **Adequate insurance against liabilities.** We may be liable for or may be required to indemnify our customers in respect of any liability, loss, claim or legal proceeding in respect of any accidental death or bodily injury to any third party, accidental loss of or damage to real or personal property arising from our service performance under the tender contracts and are required to effect adequate insurance coverage in respect of such risks and any other liabilities in respect of our operations staff and third-party workers (if allowed by the relevant customer), as well as other public liabilities. See “– Insurance.”
- **Indemnity against breach of contracts.** Depending on the terms of the tender contracts, our customers are entitled to terminate the tender contacts with us by giving prior written notice if we breach any contract terms, and we are required to fully indemnify our customers from and against all claims, actions, demands, losses, damages, costs, expenses and charges arising therefrom. Our Directors confirm that we did not receive any material claims by our customers arising from any breach of contract by us during the Track Record Period and as at the Latest Practicable Date.



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- **Occupational health and safety precautions.** We are responsible for the safety of our operations, our staff and the public. We are required to follow precautions to avoid any danger to any person and to provide sufficient measures to ensure the safety of our staff and the public during the course of our work. Our customers ask that we comply with all safety requirements under the relevant laws and regulations in Hong Kong, such as the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong) and the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong). We are also responsible for providing personal protective equipment such as helmets, safety shoes, safety belts, safety gloves and masks.
- **Quality services, performance deposits or surety bonds.** We are responsible for providing quality services to our customers. Some of our customers are entitled to request for a replacement of our staff if he/she failed to provide satisfactory services. In addition, some of our customers may require performance deposits or surety bonds issued by a bank in favour of the customers, the amount of which generally ranges from 2% to 6% of the total contract price. Depending on the terms of the tender contracts, our customers may have the right to deduct from the performance deposits or surety bonds or employ other service providers to rectify and execute the outstanding works at our own expenses if we fail to comply with the manpower, qualification and resource deployment or if we fail to perform services to the satisfaction of our customers in accordance with the contact terms. We generally collect the performance deposits upon completion of our services. Surety bonds are generally released within three to six months upon completion of our services. See “Financial Information – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Selected Items of the Consolidated Statements of Financial Position – Prepayments, deposits and other receivables” for details. Our Directors confirm that we did not experience any incidents in which we were required to replace any of our staff or where our performance deposits or surety bonds were forfeited by any customer due to substandard performance during the Track Record Period and as at the Latest Practicable Date.
- **Service fees and payment terms.** The tender contracts set forth service fees chargeable by us and payment terms. We generally have fixed service fees in the tender contracts without price adjustment mechanisms, except in certain limited circumstances as stipulated in the tender contracts, such as when our customers require additional services. As such, we are subject to the risk of cost overruns if we fail to accurately estimate our costs. For details, see “Risk Factors – Risks Relating to Our Business – A majority of our contracts have fixed and pre-determined service fees without price adjustment mechanisms, which may subject us to the risk of cost overruns.” Our Directors confirm that we did not experience any material cost overruns or have any loss-making tender contracts during the Track Record Period and as at the Latest Practicable Date. We normally charge our customers on a monthly basis, and they are required to settle the service fees monthly in arrears. One-off cleaning services are charged on a per-trip basis.

**Quotations**

Quotations are secured upon the acceptance of our price quotes by customers. During the Track Record Period, we entered into quotations to provide our street cleaning solutions, building cleaning solutions and other cleaning services to government sector customers and private sector customers. Quotations consist of continuous quotations and one-off quotations. Under the continuous quotations, we provide our cleaning solutions pursuant to the scope and charges prescribed in the continuous quotations. For continuous quotations with private sector customers, the terms are either indefinite or usually for a term of one to two years and can be terminated by our private sector customers with a one-month prior notice. Continuous quotations with government sector customers include similar terms contained in the tender contracts with government sector customers. For one-off quotations, we provide our other cleaning services, which are non-continuous in nature and generally involve a relatively limited scope of services and amount of resources, less time commitment, and smaller service fees. See “Risk Factors – Risks Relating to Our Business – A significant portion of our business is non-recurring in nature, and there is no guarantee that our existing customers will engage us in the future.” For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, we had a total number of approximately 2,605, 2,410 and 542 transactions under quotations, respectively, which generated revenue of approximately HK\$15.8 million, HK\$13.6 million and HK\$5.4 million, respectively. As at the Latest Practicable Date, we had over 250 customers of this nature.

***Pricing Policy***

We provide a tender proposal during the tendering process or a price quote during the quotation process. In formulating our tender proposals or price quotes, we take into account a number of factors, including: (i) prevailing market rates; (ii) a cost analysis based on scale and location of the project, scope of services to be provided, manpower and other resources to be allocated, consumable, and cleaning machinery and equipment required, third-party workers, service schedule and timelines; (iii) our profit margins; (iv) reputation or background of the customer; and (v) existing customer relationship, if any.

***Credit Policy***

We issue invoices to request payment from our customers on a monthly basis or upon completion of the services provided, depending on the nature of the service contract. We generally grant our customers a credit period of zero to 60 days. During the Track Record Period, we did not experience any material difficulty in collecting payment from any of our customers. As at 31 March 2015 and 2016 and 30 September 2016, our balance of trade receivables amounted to HK\$38.4 million, HK\$41.0 million and HK\$65.3 million, respectively. Our trade receivable turnover days as at 31 March 2015 and 2016 and 30 September 2016 were 44 days, 42 days and 47 days, respectively. During the Track Record Period, we did not experience any material default from our customers. See “Financial Information – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Selected Items of the Consolidated Statements of Financial Position – Trade receivables” for details of our trade receivables, and “Financial Information – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosures about Market Risk – Credit risk” for details of our credit risks.

**SALES AND MARKETING***Sales and Marketing Team*

Our sales and marketing team consisted of three employees as at 30 September 2016. The sales and marketing team is responsible for liaising and maintaining business relationships with our customers, keeping track of open tender notices in the media such as the Hong Kong Government Gazette, local newspapers and customer websites, formulating and implementing pricing strategies, and preparing for tender proposals and price quotes. Our sales and marketing team also keeps track of the near-expiry quotations and follows up with our customers for potential renewal.

*Sales and Marketing Activities*

We regularly distribute marketing materials such as brochures, flyers and newsletters to our target customers in an effort to promote our services. We publish advertisements on various magazines, such as the Hong Kong Cleaning Association (香港清潔商會) and the Federation of Environmental and Hygienic Services (中港澳環衛總商會). For private sector customers, we arrange for meetings and perform business presentations to introduce our environmental cleaning solutions to potential customers. We intend to participate in more industry-related promotional events such as the Waste Reduction and Recycling Charter Scheme (環保產業齊減廢約章) initiated by the Federation of Environmental and Hygienic Services to further promote our brand image and awareness in Hong Kong.

**SUPPLIERS**

During the Track Record Period, we sourced cleaning machinery and equipment such as hot water high pressure cleaners and vacuum cleaners, as well as consumables such as trash bags, detergents, toiletries, uniforms for our workers and other cleaning chemicals, from our suppliers. We also engaged suppliers to provide us with specialised vehicle rental services and repair services. For services provided to government sector customers, we use only our own operations staff to carry out our services. Depending on our resource capacity planning and the nature of the services to be provided, we may engage third-party workers procured through suppliers to perform a specific service for our private sector customers, subject to customer approval. During the Track Record Period, we engaged suppliers for third-party workers mainly for our refuse collection and waste disposal services as well as external wall and window cleaning services provided to private sector customers such as property management companies. During the Track Record Period, all of our suppliers were Independent Third-Parties located in Hong Kong.

During the Track Record Period, our third-party labour costs amounted to HK\$10.5 million, HK\$8.9 million and HK\$7.2 million for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, respectively, accounting for 3.8%, 2.9% and 3.9% of our total cost of sales, respectively.

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We do not enter into a formal service agreement with our suppliers for the procurement of third-party workers. Instead, we send a purchase order to or solicit a price quote from our suppliers setting forth the scope of services, term and termination, insurance, as well as service fees and payment terms. The following summarises material terms contained in our purchase order or price quote:

- **Scope of services.** We specify the scope of services needed based on the needs of the project and our resources. We are generally responsible for providing the requisite cleaning tools and equipment.
- **Term and termination.** We generally have a term of one to two years, during which time we are charged on a per-trip basis. We are entitled to terminate services in the event of substandard performance by third-party workers.
- **Insurance.** Our suppliers are responsible for purchasing employees' compensation insurance for our third-party workers, as well as public liability insurance.
- **Service fees and payment terms.** Service fees are calculated by multiplying the unit price per service by the number of services provided during the term. The payment term is generally one month from the date of issuance of invoice.

We are responsible for the performance of services provided to our private sector customers by third-party workers. However, the purchase orders or price quotes that we enter into with our suppliers do not specify any quality standards to be met by the third-party workers, or provide for any clause requiring suppliers to assume liability or indemnify us for any substandard performance of third-party workers. See "Risk Factors – Risks Relating to Our Business – We rely on third-party workers procured through suppliers to perform some of the services that we provide to private sector customers and may be held responsible for their substandard services to our customers."

To better maintain our high-quality standards in the absence of a formal service agreement with our suppliers, our on-site supervisors and foremen provide the necessary training to all third-party workers. Third-party workers are required to abide by our quality assurance and safety measures during the course of their services. Our on-site supervisors and foremen closely monitor the performance of our third-party workers. During the Track Record Period and as at the Latest Practicable Date, we did not receive any material complaints from customers about the quality of services provided by third-party workers. Going forward, we expect that we will hire more of our own labour force as and when necessary while growing our business and capacity to undertake more projects, thereby gradually reducing our need for the procurement of third-party workers.

### *Our Five Largest Suppliers*

Purchases of goods and services from our five largest suppliers collectively accounted for less than 30% of our total cost of sales during the Track Record Period. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, purchases of goods and

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services from our five largest suppliers amounted to approximately HK\$10.5 million, HK\$9.8 million and HK\$7.3 million, respectively, accounting for 3.8%, 3.1% and 3.9% of our total cost of sales, respectively. Purchases of services from our largest supplier amounted to approximately HK\$3.2 million, HK\$3.2 million and HK\$2.0 million during the same periods, respectively, accounting for 1.2%, 1.0% and 1.0% of our total cost of sales, respectively. The following table sets forth details of our purchases of goods and services from our five largest suppliers during the Track Record Period:

Five largest suppliers	Nature of business	Goods or services provided	Approximate years of relationship	Transaction amount and percentage					
				Year ended 31 March				Six months ended 30 September	
				2015		2016		2016	
				HK\$'000	%	HK\$'000	%	HK\$'000	%
A <sup>(1)</sup>	A Hong Kong individual engaged in providing cleaning labour	Cleaning labour	4	3,212	1.2	3,219	1.0	1,330	0.7
B <sup>(2)</sup>	A Hong Kong company engaged in providing cleaning labour	Cleaning labour	5	3,200	1.2	1,655	0.5	202	0.01
C <sup>(3)</sup>	A Hong Kong company engaged in providing cleaning labour and consumables	Cleaning labour and consumables	14	1,785	0.6	2,190	0.7	1,242	0.7
D <sup>(4)</sup>	A Hong Kong company engaged in providing cleaning labour	Cleaning labour	8	1,234	0.4	540	0.2	-	-
E <sup>(5)</sup>	A Hong Kong company engaged in vehicle repair services	Vehicle repair services	6	1,103	0.4	1,319	0.4	1,074	0.6
F <sup>(6)</sup>	A Hong Kong company engaged in providing consumables	Consumables	3	839	0.3	1,429	0.5	1,105	0.6
G <sup>(7)</sup>	A Hong Kong company engaged in vehicle rental services	Vehicle rental services	<sup>(9)</sup>	-	-	-	-	1,658	0.9
H <sup>(8)</sup>	A Hong Kong company engaged in vehicle rental services	Vehicle rental services	<sup>(9)</sup>	-	-	-	-	1,970	1.0
<b>Total purchases of goods and services from our five largest suppliers during the respective year/period</b>				<b>10,534</b>	<b>3.8</b>	<b>9,812</b>	<b>3.1</b>	<b>7,305</b>	<b>3.9</b>

*Notes:*

- (1) Our largest supplier for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016.
- (2) One of our five largest suppliers for the years ended 31 March 2015 and 2016.
- (3) One of our five largest suppliers for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016.
- (4) One of our five largest suppliers for the year ended 31 March 2015.
- (5) One of our five largest suppliers for the years ended 31 March 2015 and 2016.
- (6) One of our five largest suppliers for the year ended 31 March 2016 and the six months ended 30 September 2016.

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- (7) One of our five largest suppliers for the six months ended 30 September 2016.
- (8) One of our five largest suppliers for the six months ended 30 September 2016.
- (9) As at the Latest Practicable Date, our relationship with such supplier had not exceeded one year.

During the Track Record Period, we did not enter into any long-term contracts with any of our five largest suppliers. During the Track Record Period, we maintained multiple suppliers for cleaning machinery and equipment, consumables and third-party workers to avoid reliance on any of our suppliers, and we did not experience any shortage or delay in the supply of our cleaning machinery and equipment, consumables or third-party workers.

### *Methods of Selecting Suppliers*

We maintain a list of qualified suppliers, from which we engage on an as-needed basis. We select our suppliers based on various criteria, including price, experience and qualification, record of timely delivery of goods or services, internal control and quality assurance policies, location, supply capacity, credit term, reputation and customer service.

## **CONSUMABLES, MAJOR CLEANING MACHINERY AND EQUIPMENT, AND SPECIALISED VEHICLES**

### *Consumables*

Our consumables include trash bags, toiletries and other cleaning chemicals used in providing our environmental cleaning solutions. As these consumables are relatively easy to source, we do not maintain any inventory. Our cost of consumables amounted to HK\$7.9 million, HK\$7.6 million and HK\$4.7 million for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, respectively, accounting for 2.8%, 2.5% and 2.5% of our total cost of sales, respectively.

### *Major Cleaning Machinery and Equipment*

We use a wide range of cleaning machinery and equipment in providing our environmental cleaning solutions. We determine the need, duration and quantity for cleaning machinery and equipment required for use on an as-needed basis. We generally use our own cleaning machinery and equipment, which include vacuum cleaners and hot water high pressure cleaners. As at 30 September 2016, our cleaning machinery and equipment generally had an estimated useful life of 5 years. The carrying amount of our cleaning machinery and equipment amounted to HK\$1.3 million as at 30 September 2016. See “Financial Information – Management’s Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies, Judgments and Estimates – Plant and equipment” for details of our depreciation method.

### **Allocation and Capacity of Machinery, Equipment and Specialised Vehicles**

We consider a list of criteria affecting the allocation of the machinery, equipment or specialised vehicles to provide various services to our customers:

- the area of cleaning required;
- the number of services provided in parallel timeslot;
- the time range specified by customer for services to be provided; and
- the time range scheduled by the Group for services to be provided according to the sequence of service.

Due to the fact that: (i) our services were provided on a project-by-project basis; and (ii) the allocation of machinery, equipment or specialised vehicles to each project were based on various factors and varied among different projects. The Group considered that no one common variable can measure the capacity of our machinery, equipment and specialised vehicles. Moreover, according to Frost & Sullivan, it is not applicable to use utilisation rate to measure the capacity of machinery, equipment and specialised vehicles in the environmental cleaning services industry.

Nearly all of the Group's specialised vehicles are fully utilised because each tender awarded to the Group by Customer A for street cleaning requires the Group to provide a prescribed number and type of specialised vehicles for each work shift as set out in that tender. All of the tenders stipulate a number of work shifts, and each work shift usually lasts for a number of hours. Since the schedules of the work shifts among the tenders tend to overlap with each other, the Group has to provide the prescribed number of specialised vehicles to perform relevant cleaning service during each work shift pursuant to each tender. This is particularly discernible for overlapping work shifts, requiring nearly full deployment of the Group's specialised vehicles to carry out relevant work at once. As such, each new tender awarded to the Group by Customer A tends to generate a demand for new specialised vehicles to meet the requirement for a prescribed number of specialised vehicles to perform relevant service as specified in that new tender. As a matter of fact, since nearly all of our specialised vehicles have been fully utilised under the relevant tenders, we have to lease specialised vehicles from an Independent Third Party in order to carry out our cleaning services in districts in which new tenders were awarded.

According to the current requirement for specialised vehicles for each ongoing tender awarded to the Group by Customer A as at the Latest Practicable Date, the aggregate total number of specialised vehicles deployed by the Group for work under the relevant ongoing tenders is 61. As confirmed by the Directors, in addition to the said specialised vehicles, there are 16 specialised vehicles which are all applied to the provision of its street cleaning or waste collection services under the tenders with Customer A (including for repair and maintenance or for substitution or emergency use) in accordance with the Group's internal work plan. Given the substantially full deployment and utilisation of our specialised vehicles under the existing ongoing tenders, we have to acquire new specialised vehicles in order to provide the relevant services under the new tenders.

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Furthermore, the Group is obliged under each tender awarded by Customer A to maintain machinery and equipment at a sufficient level pursuant to the relevant tender. Generally, our machinery and equipment are allocated and stationed at each of the service areas in accordance with the nature of the services to be provided. New tenders, especially those involving additional service areas or additional services in the service area, generate a demand for additional machinery and equipment in order to facilitate our contractual obligations.

### Estimated Useful Life

Estimated useful life is the estimate of the average number of years an asset is considered useable before its value is fully depreciated, based on factors that include internal evaluation as well as technological changes and environmental regulations. As confirmed by our Directors, technological changes mainly include the changes in the tender requirements regarding the specialised vehicles. Tenders involving the use of specialised vehicles generally stipulate the vehicle model(s) to be used. In the event that relevant tenders require the use of a newer model of specialised vehicles for the provision of cleaning services, the Group has to buy the requisite new model of specialised vehicles for submission of new tenders and, if awarded the new tenders, for performing the tasks thereunder. The estimated useful life of five years for our specialised vehicles reflects our Directors' view that there will likely be a proposed change in tender requirements for contracts with government sector customers by phasing out Euro V specialised vehicles and adopting Euro VI specialised vehicles in the foreseeable future, which is based on the fact that the HK Government has tightened the statutory emission standards for newly registered vehicles to Euro IV, Euro V and Euro VI standards in 2006, 2012 and 2017, respectively, to further improve roadside air quality. As such, in light of the possible change in tender requirements in relation to specialised vehicles, our Directors are of the view that the determination of the estimated useful life of our specialised vehicles is appropriate and justifiable. The Group's estimated useful life for machinery and vehicles are as follows:

	Year ended 31 March		Six months ended 30 September	
	2015	2016	2015	2016
<b>Useful life</b>				
Machinery and equipment	5 years	5 years	5 years	5 years
Specialised vehicles	5 years	5 years	5 years	5 years

### Depreciation Policy

Depreciation is recognised so as to write off the cost items of plant and equipment, less their residual values over their estimated useful lives, using the straight-line method at the following rate:

	Year ended 31 March		Six months ended 30 September	
	2015	2016	2015	2016
<b>Depreciation policy</b>				
Machinery and equipment	20%	20%	20%	20%
Specialised vehicles	20%	20%	20%	20%



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### Remaining Useful Life

Remaining useful life of assets of the Group is the residual period of estimated useful life minus depreciated period of the assets which are as follows:

	Year ended 31 March		Six months ended
	2015	2016	30 September 2016
<b>Remaining useful life</b>			
Machinery and equipment	0-4 years	0-4 years	0-4.9 years
Specialised vehicles	0-4 years	0-4.5 years	0-4.9 years

### Replacement Cycle

The Group's replacement cycle for machinery and vehicles is mainly based on repairs and useful lives duration of assets. The Group has a half yearly plant and machinery physical stock take. All plant and machinery which are impaired will be disposed of in accordance with the Group's capital asset disposal procedure.

### Material Write-offs

There was no material write-offs for key machinery and vehicles during the Track Record Period.

### Key Machinery, Equipment and Specialised Vehicles

The Group did not have any machinery or equipment leased during Track Record Period. For the years ended 31 March 2015 and 2016, there were merely occasional leasing of specialised vehicles. As at 30 September 2016, there were a total of 28 specialised vehicles leased, comprising five refuse compact vehicles, four grab lorries, 1 hook lift truck, five tail-lift trucks, five water wagons, six light goods vehicles and two tipper trucks, which in aggregate accounted for approximately 36.3% of the Group's total vehicle fleet.

#### *Specialised Vehicles*

We own a variety of specialised vehicles for our business operations. As at 31 March 2015 and 2016, we owned a fleet of 54 and 66, respectively. Our proprietary vehicle fleet further expanded to 77 specialised vehicles as at 30 September 2016, including water wagons, refuse compaction vehicles, vacuum tankers, hook-lift trucks, tail-lift trucks, grab lorries and tipper trucks. Occasionally, we may also lease specialised vehicles such as vehicle-mounted aerial lifts and suction sweepers if necessary. As at 30 September 2016, our vehicles had an estimated useful life of five years. The carrying amount of our vehicles amounted to HK\$19.5 million as at 30 September 2016. See "Financial Information – Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies, Judgments and Estimates – Plant and equipment" for details of our depreciation method.

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The following illustrates the types of vehicles that comprise our fleet of specialised vehicles as at the Latest Practicable Date:



19 water wagons



2 vacuum tankers



3 hook-lift trucks



8 grab lorries



12 tail-lift trucks



4 tail-lift (tipper) trucks



4 tipper trucks



18 light goods vehicles



4 refuse compaction vehicles



3 lorries

We have equipped most of our street cleaning vehicles, as well as several of our other specialised vehicles with GPS. As at the Latest Practicable Date, 13 water wagons, four refuse compaction vehicles, three hook-lift trucks and one grab lorry had GPS installed. This allows us to track, monitor and allocate our vehicles instantly or at regular intervals. By monitoring our vehicle itineraries, locations and driving speeds, we are able to achieve service efficiency and optimal service schedules. During the Track Record Period, we parked our vehicles at our leased car parks in various locations.

### *Machinery, Equipment and Vehicle Maintenance*

To ensure proper maintenance of our machinery, equipment and vehicles, our operations department is responsible for regular inspection and periodic repair or replacement if so required. Maintenance and repair of vehicles are arranged either by the vehicle distributors in accordance with warranty policies or by third-party vehicle service centres. For the years ended

31 March 2015 and 2016 and the six months ended 30 September 2016, our vehicle maintenance and repair costs amounted to HK\$2.1 million, HK\$2.9 million and HK\$1.7 million, respectively, accounting for 0.7%, 0.9% and 0.9% of our total cost of sales, respectively.

### QUALITY ASSURANCE

Stringent quality assurance is critical to our reputation and continued success. As such, we have adopted comprehensive quality control measures to ensure the high quality of our environmental cleaning solutions. The following is a summary of the key quality control measures we implement:

- **On-site supervision.** We generally assign one or more on-site supervisors and a foreman to supervise and monitor services rendered by our operations staff and third-party workers for each project. To ensure quality performance, our operations managers plan and implement daily work schedules for our operations staff and third-party workers. The site supervisors will go through details of tasks and quality requirements with our operations staff and third-party workers. Our on-site supervisors will make periodic reports to our senior management team. In the event of any customer complaint for substandard services, the on-site supervisors and foremen will arrange for immediate rectification works and additional training for our operations staff and third-party workers.
- **Training and review.** Our on-site supervisors and foremen provide training to our operations staff and third-party workers on a day-to-day basis to ensure their understanding of, and compliance with, our quality standards with respect to quality performance and workplace safety. Our operations manager performs periodic reviews on work performance.
- **Third-party workers.** We require all third-party workers to fully abide by our quality control measures when performing their services. We also require third-party workers to possess all relevant qualifications and licences as required by law. For more information, see “– Suppliers.”
- **Workplace safety.** We ensure that we comply with the applicable health and safety regulations in Hong Kong. We have formulated extensive occupational health and safety policies for our operations staff and third-party workers. We also have an incident reporting system in place. See “– Occupational Health and Safety” for details. In addition, we post notices setting out safety requirements and service standards on site as a reminder to our operations staff and third-party workers.
- **Specialised vehicles and transport safety.** We regularly maintain and inspect our specialised vehicles. We replace specialised vehicles that do not meet our safety and performance benchmarks. We consider factors such as safety and environmentally friendly features of the vehicles when procuring new specialised vehicles. To ensure transport safety, our supervisors spot-check our drivers and monitor their driving behaviour on a routine basis.

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In recognition of our stringent quality assurance system, we have been certified to be in compliance with the ISO 9001:2008 (quality management system) by HKQAA since 2002. Our Directors confirm that, during the Track Record Period and as at the Latest Practicable Date, we did not experience any material quality issues or receive any material complaints about the quality of our services.

### OCCUPATIONAL HEALTH AND SAFETY

#### *Our Safety Management System and Safety Consultant*

We have in place a stringent occupational health and safety system to ensure our safe operations and compliance with relevant laws and regulations in Hong Kong. Our human resources department is responsible for the implementation of our occupational health and safety policies and procedures. The human resources department is also responsible for overseeing our compliance with relevant laws and regulations in Hong Kong, conducting regular reviews and inspections of our workplace safety performance, as well as conducting reviews of any workplace incidents. We have formed our occupational health and safety system with reference to the guidelines issued by the Occupational Safety & Health Council. We have been certified to be in compliance with the requirements of OHSAS 18001:2007 since 2009.

We have engaged an external Safety Consultant to advise us on our occupational health and safety system. The Safety Consultant has approximately nine years of experience in quality assurance, environmental safety and social accountability management consultancy services. The Safety Consultant performs on-site inspections every year with respect to areas including the use of cleaning chemicals, the display of safety signs and the use of safety protection gear and equipment. Upon inspection, the Safety Consultant prepares an extensive report detailing the findings and recommendations to improve our workplace safety. During the Track Record Period, recommendations from the Safety Consultant were minor findings with respect to the storage of chemicals, the distribution of operational and safety guidelines, the display of warning signs, and training programmes for the proper use of cleaning machinery and equipment for our employees. We have implemented correction measures, upon which the Safety Consultant conducted follow-up reviews thereafter. Our Directors confirm that, save for the minor findings described above, the Safety Consultant did not identify any material deficiency in relation to our occupational health and safety system during the Track Record Period and as at the Latest Practicable Date.

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Our safety management system encompasses the following areas:

<u>Areas</u>	<u>Safety guidelines</u>
Use of cleaning chemicals	Guidelines for the use, labelling and storage of cleaning chemicals, such as keeping less than 200 litres of bleach in storage, as well as guidelines for the use of protective equipment while using cleaning chemicals
Working in confined spaces	Guidelines for workers that are required to regularly clean water tanks such as risk assessments and contingency plans
Working at height	Guidelines for the use of ladders, suspended working platforms, elevated working platforms and mobile scaffolding
Working outdoor	Guidelines for workers that need to stay outdoors for long periods of time, such as measures to prevent heat stroke and maintain personal and public safety
Use of protective equipment	Guidelines for the use of protective equipment such as slip-proof safety shoes, safety goggles and masks
Workplace transport safety	Guidelines for the operation of vehicles such as maintaining a valid driver's licence, periodic vehicle maintenance and inspection, and strict compliance with relevant traffic rules and regulations

### *Our Incident Reporting System*

Due to the nature of environmental cleaning services, workplace injuries may occur in the ordinary course of our business. Our human resources department is responsible for maintaining a record of workplace incidents, including information regarding any injured employee, details of the incident, extent of the injuries and interview records.

Below is a summary of our incident reporting system:

- **Reporting and recording incident details.** The injured employee and/or other employees on site should inform the on-site supervisor as soon as practicable with respect to the time of incident, cause of injury and extent of the injury.
- **Conducting investigation and preparing an incident report.** The on-site supervisor and district manager are responsible for reporting the incident to the human resources manager and the chief financial officer within three days of the incident. We will submit a work injury report to the Labour Department in accordance with the Employees' Compensation Ordinance. The senior management team will review incident reports periodically.

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- **Proceeding with subsequent settlement or legal claims.** We will notify the insurance company with respect to the incident. Depending on the conditions laid out by the Labour Department, we and the relevant employee may agree to use paper medical clearance to expedite settlement and to facilitate the Labour Department’s assessment as to compensation. The settlement amount and payment record will be recorded and kept with our human resources department. If we are unable to settle, the case will be submitted to a competent court of law.

### *Regulatory Compliance*

We are subject to safety requirements under the applicable rules and procedures in Hong Kong. See “Regulatory Overview” for details. The following table summarises our compliance with the relevant regulatory requirements:

<u>Regulatory requirements</u>	<u>Confirmation and compliance</u>
<u>WDO</u> It is an offence for any person to provide services that are also provided by the FEHD, the EPD or any licenced party at the relevant sites, unless exemptions apply. See “Regulatory Overview – Regulations in Hong Kong – Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)” for more information.	<ul style="list-style-type: none"><li>• We have obtained confirmation letters from the FEHD and the EPD on 18 August 2016 and 28 June 2016, respectively, confirming that our provisions of refuse collection and waste disposal services were in compliance with the WDO during the Track Record Period and as at the Latest Practicable Date.</li><li>• Our Hong Kong Legal Advisers advise that, upon reviewing the FEHD and the EPD confirmation letters, we have conducted our business activities in accordance with the WDO during the Track Record Period and as at the Latest Practicable Date.</li><li>• To ensure our ongoing compliance with the WDO, in submitting tender proposals or price quotes, we confirm with our customers that the relevant refuse collection and waste disposal services to be provided are not also provided by the FEHD, the EPD or any licenced party. If we become aware that the FEHD, the EPD or any licenced party are providing the same services at the relevant sites, we will not include such services in our tender proposals or price quotes.</li></ul>

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### Regulatory requirements

#### *Waste Disposal (Charges for Disposal of Construction Waste) Regulation*

A valid billing account is required for the removal and disposal of construction waste.

#### *Dangerous Goods Ordinance*

The storage and use of dangerous goods must not exceed the maximum quantity. A licence must be obtained and maintained if the maximum quantity is exceeded.

#### *Pesticide Ordinance*

A licence is required for the use and storage of pesticides if one is engaged in the trading business of registered pesticides.

#### *Grease Trap Waste Disposal Control*

A certificate is required for grease trap waste collectors to use the designated grease trap waste treatment facilities appointed by the EPD.

### Confirmation and compliance

- During the Track Record Period and as at the Latest Practicable Date, we obtained and maintained a valid billing account from the EPD for the removal and disposal of construction waste.

- During the Track Record Period and as at the Latest Practicable Date, our storage and use of cleaning chemicals did not exceed the maximum quantity. As such, we are not required to obtain the relevant licence.

- During the Track Record Period and as at the Latest Practicable Date, we were not engaged in the trade business of registered pesticides. As we use and store pesticides for our own business operations, we are not required to apply for the relevant licence.

- During the Track Record Period and as at the Latest Practicable Date, we maintained a valid certificate of registration for the disposal of grease trap waste.

Save as disclosed in “– Compliance and Legal Proceedings – Legal Proceedings,” we did not experience any material workplace incidents during the Track Record Period and as at the Latest Practicable Date. Our Directors consider that our occupational health and safety system is proper, sufficient and effective.

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### ENVIRONMENTAL PROTECTION

As an environmental cleaning solutions provider, we are committed to promoting environmental protection and minimising environmental impact during the course of our services.

To ensure our compliance with the relevant environmental rules and regulations, we have adopted protective measures to suit the specific needs and contractual specifications in accordance with our customers' requirements and our environmental objectives. Our operations department is responsible for developing and implementing environmental protection measures and ensuring statutory compliance during the course of our services. Set forth below is a summary of our standard environmental protection measures:

<u>Service type</u>	<u>Measures</u>
Waste disposal	<ul style="list-style-type: none"><li>• Using biodegradable trash bags</li><li>• Switching off idling refuse compaction vehicles</li></ul>
Street cleaning	<ul style="list-style-type: none"><li>• Using environmentally friendly detergents and cleaning chemicals</li></ul>
Pest control and fumigation	<ul style="list-style-type: none"><li>• Reducing the use of environmentally harmful pesticides and repellents</li></ul>

We have also obtained and maintained the ISO14001:2004 for our environmental management system standard since 2002. During the Track Record Period, our cost of compliance with applicable environmental protection laws and regulations in Hong Kong were approximately HK\$905,000, HK\$630,000 and HK\$253,000 for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, respectively. Our Directors are of the view that the annual cost of compliance with the applicable environmental protection laws and regulations was not material during the Track Record Period and that the cost of such compliance is not expected to be material going forward.

### THE GROUP'S AIFR, FATALITY RATES AND LOST TIME INJURIES FREQUENCY RATES

According to the Labour Department, there were 2,154 reported accidents in Hong Kong in 2015, causing a total of 10 casualties in 2015. The AIFR was 2.6% and the fatality rate was 0.01% in 2015.

The AIFR is calculated by dividing the total number of accidents causing injuries by the total number of employees. The fatality rate is calculated by dividing the total number of deaths by the total number of employees. The lost time injuries frequency rate is calculated by dividing the total number of days during which the relevant employees are absent from work after sustaining injury by the total number of work days of all the employees. The Group's



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AIFR for its employees for the years ended 31 March 2015, 2016 and the six months ended 30 September 2016 were 3.65%, 2.99% and 1.67%, respectively. The Group's lost time injuries frequency rates for its employees for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016 were 0.48%, 0.27% and 0.22%, respectively. The fatality rate for the Track Record Period is 0%<sup>(1)</sup>. It is the opinion of our Directors that the AIFR and lost time injuries frequency rates of its employees decreased during the Track Record Period because of our effective safety measures. Specifically, the Group's district managers and on-site supervisors will check and monitor whether the requirements of workplace safety are met and whether the staff observes safety standards at work. The Group's management staff will carry out inspection on workplace safety and the performance of the staff with regard to work safety regularly. After reviewing the figures of the Group and the industry average, our Directors consider that the AIFR of the Group is slightly above the industry average as the Group's employees are principally, and for most of the time, engaged in outdoor work; and by the very nature of outdoor work, the possibility of sustaining injury in such work context is relatively higher than any non-outdoor type of work.

### INSURANCE

We have in place (i) employees' compensation insurance; (ii) commercial vehicle insurance; and (iii) public liability insurance in accordance with the applicable rules and regulations in Hong Kong. We may also be required to maintain an insurance policy with a different maximum indemnity limit from that of ours.

We maintain employees' compensation insurance for our employees in accordance with the Employees' Compensation Ordinance, which covers injuries to our employees in respect of bodily injury, death or disease contracted in the course of their employment. Our employees' compensation insurance policy is renewed every year and may be revised upon renewal. As at the Latest Practicable Date, the maximum indemnity limit of our employees' compensation insurance was HK\$200.0 million per event.

We maintain commercial vehicle insurance to cover all of our vehicles in compliance with the applicable rules and regulations. As at the Latest Practicable Date, the maximum indemnity limit of our commercial vehicle insurance was HK\$100.0 million per event for third-party death or bodily injury, and HK\$1.0 million per event for third-party property damage.

Furthermore, we maintain public liability insurance on a joint-name policy basis for us and our customers, which contains a "cross liability clause" to cover us and our customers against accidental death or bodily injury to any third party, and accidental loss of or damage to real or personal property arising from our service performance. We are generally responsible for the first HK\$20,000, or 20% of the loss or damage to real or personal property, whichever

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*Note:*

- (1) The fatal accident that occurred on 27 September 2016 was excluded from the calculation of the Group's fatality rate because the fatality involved was not an employee of the Group.

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is greater in respect of each claim. In case of third-party death or bodily injury, we are generally responsible for the first HK\$20,000 to HK\$50,000 for each claim. As at the Latest Practicable Date, the maximum indemnity limit of our public liability insurance was HK\$35.0 million per event.

We are subject to the risks of limited insurance coverage, see “Risk Factors – Risks Relating to Our Business – We are exposed to legal claims relating to personal injuries, loss of life, and loss or damage to real or personal property” and “Risk Factors – Risks Relating to Our Business – Our insurance policies may not adequately cover all the potential losses arising from our operations” for more information.

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, the aggregate expenses of our employees’ compensation insurance, commercial vehicle insurance and public liability insurance were approximately HK\$5.2 million, HK\$5.5 million and HK\$1.9 million, respectively.

Our insurance coverage is provided by reputable companies in accordance with commercially reasonable standards. Taking into account the industry practice, market availability, the relevant contract terms and the applicable rules and regulations, our Directors believe that we have obtained adequate insurance coverage for our business operations in Hong Kong during the Track Record Period and as at the Latest Practicable Date.

## PROPERTIES

### *Owned Properties*

During the Track Record Period and as at the Latest Practicable Date, we did not own any land use rights, nor did we possess any buildings or facilities.

### *Leased Properties*

During the Track Record Period and as at the Latest Practicable Date, we had two leased properties that are used as our head offices, which are located in Units 10 and 11 on the 11th Floor of Trans Asia Centre, 18 Kin Hong Street, Kwai Chung, the New Territories, Hong Kong, with a GFA of 3,295 sq.ft.

Both properties are owned by Mr. C.S. Wong, our co-founder, executive Director and Controlling Shareholder, the details of which are set out in “Connected Transactions.” During the Track Record Period and as at the Latest Practicable Date, we did not experience any dispute arising out of our leased properties.

Our leased properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. Accordingly, we are exempt from the requirements under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance to include a property valuation report. Pursuant to Rule 5.01A of the Listing Rules, a prospectus is exempt

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from the requirement if the carrying amounts of a listing applicant's property activities and non-property activities are below 1% and 15% of the total assets, respectively. A similar exemption applies under section 6 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), with respect to the requirements under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

### EMPLOYEES

As at 30 September 2016, we had 3,702 employees, all of whom were based in Hong Kong. The table below sets forth the number of our employees by function as at the dates indicated:

	As at 31 March		As at 30 September	
	2015	2016	2015	2016
Senior management . . . . .	4	4	4	4
Administrative . . . . .	8	8	6	7
Operations				
<i>Operations managers</i> . . . . .	6	7	5	5
<i>Licensed technicians<sup>(1)</sup></i> . . . . .	14	14	14	14
<i>Cleaning staff</i> . . . . .	2,130	2,468	2,137	3,385
<i>Other staff<sup>(2)</sup></i> . . . . .	158	195	114	276
Accounting and finance . . . . .	5	6	5	4
Human resources . . . . .	3	3	3	4
Sales and marketing . . . . .	3	2	3	3
<b>Total</b> . . . . .	<b>2,331</b>	<b>2,707</b>	<b>2,291</b>	<b>3,702</b>

*Notes:*

- (1) Only licenced technicians possess the licences and certificates listed under this paragraph.
- (2) Other staff includes site supervisors, foremen and drivers.

As at the Latest Practicable Date, we had more than 4,000 employees.

As at the 30 September 2016, our Group has been awarded five additional tender contracts from Customer A for our street cleaning solutions. For each of the additional tender contracts, our Group supplied approximately 200 to 320 staff each day to carry out the cleaning services, as a result the number of employees increased accordingly from 3,702 as at 30 September 2016 to more than 4,000 as at the Latest Practicable Date.

Our Group employed 178, 162 and 201 part-time cleaning workers for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, respectively, which accounted for 9.1%, 7.0% and 6.3% of the full-time cleaning workers of the Group during the Track Record Period, respectively.

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The average length of employment of the Group's employees for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016 were approximately 2.0 years, 1.9 years and 1.6 years, respectively. The average length of employment of the Group's cleaning staff over the same period were approximately 2.0 years, 1.8 years and 1.5 years, respectively. As the number of the Group's employees who have completed at least five years of service with the Group increased from 90 for the year ended 31 March 2015 to 107 for the year ended 31 March 2016 and further to 408 for the six months ended 30 September 2016, the Group's long service payment provision also increased from HK\$1.0 million for the year ended 31 March 2015 to HK\$3.0 million for the year ended 31 March 2016 and further to HK\$4.0 million for the six months ended 30 September 2016.

Our licenced technicians possess the requisite licences and certificates to perform specialised cleaning services. As at 30 September 2016, our licenced technicians possessed the following licences and certificates:

Licences	Issuing authority or organisation	Number of licenced technician as at 30 September 2016
Construction Industry Safety Training Certificate	Various organisations recognised by the Labour Department	10
Certificate of Confined Space Operations for Competent Person and Certified Worker	Various organisations recognised by the Labour Department	3
Certificate for Person Working on Suspended Working Platform	Construction Industry Council	1
	<b>Total</b> .....	<b>14</b>

Our Directors confirm that, during the Track Record Period and as at the Latest Practicable Date, all of our relevant licenced technicians carrying out specialised cleaning services possessed valid licences or certificates and that no licenced technician has encountered any material difficulty with the renewal of such licences or certificates.

For additional information on certain of our employees, see "Directors and Senior Management." We believe that the sustainability of our growth depends on the capability and loyalty of our employees. The remuneration of our employees includes base salary and insurance coverage in compliance with applicable rules and regulations in Hong Kong. We recruit our employees by posting job openings in industry magazines and newspapers, as well as on the website of the Labour Department. To maintain a competitive edge in the marketplace, we will continue to focus on attracting and retaining qualified employees by paying our employees above the minimum wage and offering advanced managerial training courses.

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We provide extensive training programmes to our employees to enhance their skill sets and knowledge with respect to workplace safety and service quality, including induction training for all new recruits and on-site training on a day-to-day basis. In the event of any workplace injury or traffic accident, we provide supplementary briefing on our safety policies and procedures to our operations staff and third-party workers. We also encourage our staff to attend further safety training courses from time to time. For example, several of our managerial staff have attended training courses and obtained the Certificate for Safety for Cleaning Work (Managers and Supervisors) Course and the Certificate of Competence in Display Screen Equipment Assessment. In addition, a number of our employees have attended safety training courses and obtained the Certificate for Combined Certificate for Safety and Health Supervisor Course (Environmental Hygiene), the Certificate of Competence in Manual Handling and the Certificate for Pest Control & Pesticide Safety Core Courses.

We believe that we maintain good working relationships with our employees. Save as disclosed in “– Compliance and Legal Proceedings – Legal Proceedings,” during the Track Record Period and as at the Latest Practicable Date, we did not experience any material labour disputes with our employees, receive any complaints, notices or orders from relevant government authorities or third parties, or receive any claims relating to social insurance or MPF contributions. Our average monthly staff turnover rates were approximately 9.2%, 9.1% and 6.5% for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, respectively. Our Directors believe that the average monthly staff turnover rates are relatively low as compared to the average monthly staff turnover rate ranging from 10.0% to 15.0% in the environmental cleaning services industry in 2015, according to the F&S Report.

Furthermore, direct labour costs represented the largest component of our cost of sales during the Track Record Period. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, our direct labour costs amounted to HK\$230.4 million, HK\$262.3 million and HK\$156.1 million, respectively, accounting for 83.1%, 84.9% and 83.9% of our total cost of sales, respectively. We are subject to the Minimum Wage Ordinance, which increased the statutory minimum wage from HK\$30.0 per hour to HK\$32.5 per hour with effect from 1 May 2015. Although our contracts generally do not contain price adjustment mechanisms, our Directors expect that an increase in the statutory minimum wage will not have a material impact on our direct labour costs as we generally factor into our calculations a potential increase in the statutory minimum wage when submitting our tender proposals or price quotes.

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For illustrative purposes only, the following table indicates the sensitivity of the changes in our profit before tax for the relevant year/period due to a change in our direct labour costs for the periods indicated:

Hypothetical change in direct labour costs	Year ended 31 March				Six months ended 30 September			
	2015		2016		2015		2016	
	Net Profit	Change in net profit	Net Profit	Change in net profit	Net Profit	Change in net profit	Net Profit	Change in net profit
	HK\$' 000	%	HK\$' 000	%	HK\$' 000	%	HK\$' 000	%
15%	(20,210)	(240.8)	(26,818)	(314.2)	(12,124)	(304.7)	(17,347)	(385.8)
10%	(8,689)	(160.5)	(13,705)	(209.4)	(6,108)	(203.1)	(9,541)	(257.2)
5%	2,833	(80.3)	(591)	(104.7)	(93)	(101.6)	(1,736)	(128.6)
0%	14,354	0.0	12,522	0.0	5,923	0.0	6,070	0.0
-5%	25,875	80.3	25,635	104.7	11,939	101.6	13,876	128.6
-10%	37,397	160.5	38,749	209.4	17,954	203.1	21,681	257.2
-15%	48,918	240.8	51,862	314.2	23,970	304.7	29,487	385.8

### LICENCES, CERTIFICATES AND PERMITS

We are advised by our Hong Kong Legal Advisers that, during the Track Record Period and as at the Latest Practicable Date, we have obtained and maintained all the requisite licences, certificates and permits from the relevant government authorities for our operations in Hong Kong, and all of our licences, certificates and permits were in force as at the Latest Practicable Date. As further advised by our Hong Kong Legal Advisers, we do not expect any difficulties in the renewal of our licences, certificates and permits so long as we meet the applicable requirements and conditions and adhere to the procedures set forth in the relevant laws and regulations as required by the relevant government authorities. For details of the requisite regulatory licences, certificates and permits, see “Regulatory Overview.”

For certain of our specialised cleaning services carried out by our licenced technicians, valid licences and certificates are required to carry out such tasks. See “– Employees” for details. Our human resources department closely monitors the validity of our licenced technicians’ licences and certificates as required by the applicable rules and regulations. Our human resources department maintains a record of our licenced technicians and details of their respective licences and certificates to ensure that our licenced technicians possess valid licences and certificates.

### AWARDS, RECOGNITIONS AND CORPORATE SOCIAL RESPONSIBILITIES

During the Track Record Period, we received the Hong Kong Awards for Environmental Excellence – Class of Good Wastewi\$e Label (“良好級別”減廢標誌) from the Environmental Campaign Committee (環境運動委員會) in recognition of our measures to reduce the amount of waste generated.

### COMPETITION


The past outbreak of epidemics in Hong Kong, such as Severe Acute Respiratory Syndrome, or SARS, strains of avian influenza, the human swine influenza A (H1N1), the Influenza A virus (H5N1) and the Avian Influenza A (H7N9), has raised public awareness for hygiene. According to the F&S Report, in recent years, the HK Government has allocated HK\$500.0 million to set up waste electrical and electronic equipment processing facilities and five community green stations to encourage public participation in waste reduction and recycling, and the HK Government has also planned to invest approximately HK\$30.0 billion in waste recycling and treatment facilities for the management of municipal solid waste. Furthermore, according to the F&S Report, the increasing number of new buildings has driven the demand for environmental cleaning services from private sector customers, such as property owners and property management companies. According to the F&S Report, companies have paid more attention to environmental issues such as garbage classification, waste recycling and the use of environmentally friendly materials.

According to the F&S Report, the top ten environmental cleaning services providers in aggregate accounted for 58.6% of the market share in Hong Kong in 2015. We ranked tenth in the environmental cleaning services industry in Hong Kong in terms of revenue in 2015, with a 3.2% market share.

According to the F&S Report, in 2015, there were approximately 200 large-scale environmental cleaning services providers and 940 small-scale environmental cleaning services providers, accounting for approximately 18% and 82% of the total number of environmental cleaning services providers in Hong Kong, respectively. According to the F&S Report, large-scale environmental cleaning services providers are companies that employ more than 50 workers, while small-scale environmental cleaning services providers are companies that have fewer than 50 workers. The majority of small-scale environmental cleaning services providers only provide one to two types of cleaning services, compared with large-scale environmental cleaning services providers which generally offer a wide range of cleaning services, according to the F&S Report. The environmental cleaning services industry in Hong Kong is mainly driven by customer demand, with intense competition based primarily on pricing, service quality and customer relationships.

For further discussion on the environmental cleaning services industry in Hong Kong, see “Industry Overview.”

### INTELLECTUAL PROPERTIES

We have registered one trademark “” in Hong Kong. In addition, we are the registrant of the domain name, [www.manshing.com.hk](http://www.manshing.com.hk). See “Appendix IV – Statutory and General Information – B. Further Information about Our Business – 2. Intellectual property right” for more details. We also possess proprietary information in connection with our operations, such as information relating to tendering, pricing, procurement and customer relations. As at the Latest Practicable Date, we were not involved in any disputes or proceedings concerning any material claims of infringement, either actual or threatened, of any intellectual property rights initiated by or against us that had a material and adverse effect on our business.

## **COMPLIANCE AND LEGAL PROCEEDINGS**

### *Compliance*

As an environmental cleaning solutions provider, we are subject to various laws and regulations with respect to workplace safety, environmental protection and other aspects relating to our business operations. See “Regulatory Overview” for details. We have implemented stringent internal control measures to ensure compliance with the applicable rules and regulations. See “– Occupational Health and Safety – Regulatory Compliance” for more information. As confirmed by our Directors and as advised by our Hong Kong Legal Advisers, we have complied with the relevant rules and regulations in all material respects during the Track Record Period and as at the Latest Practicable Date.

### *Legal Proceedings*

We may from time to time be involved in a number of legal proceedings in the ordinary course of our business. These legal proceedings mainly involve workplace injuries. Set out below are details of legal proceedings against us during the Track Record Period and as at the Latest Practicable Date: (i) material potential legal proceeding against us; (ii) material ongoing legal proceedings against us; (iii) potential legal proceedings in relation to employees’ compensation claims subject to common law personal injury legal proceedings; and (iv) material legal proceedings against us settled either by way of court judgment or by out-of-court settlement.

#### **Material potential legal proceeding**

On 27 September 2016, a pedestrian was struck by one of our refuse compaction vehicles, resulting in a fatality. The vehicle was being operated by a driver employed by us to perform refuse collection and waste disposal services for Customer A. As at the Latest Practicable Date, the driver in the said case (the “**Material Potential Claim**”) was charged with traffic offences and the legal proceedings were still ongoing.

We have engaged Hong Kong Legal Counsel to render preliminary advice on the potential legal consequences and maximum potential damages to which we may be exposed as a result of the fatal accident. Our Hong Kong Legal Counsel has rendered the following preliminary advice dated 13 October 2016 (without admission by us or the driver) that based on the limited information currently available, subject to further findings from the police investigation as well as to the initiation of any future legal proceedings, and absent any letter of claim for compensation or damages received by us as at the Latest Practicable Date:

#### *Legal consequences:*

- In light of the currently available evidence, the driver is likely to be found to have been negligent in driving our vehicle;
- It is undisputed that the driver was an employee of ours, if the driver was, at the time of the fatal accident, acting within the scope of his employment, we would likely be vicariously liable for the negligence of the driver in any potential claim that may arise from the fatal accident; and



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- The deceased's personal representative and/or dependants, if any, may initiate a negligence claim against us and/or the driver.

*Maximum potential damages:*

- Any potential damages that may result from the fatal accident, which are essentially speculative in nature in the absence of any particulars of an actual claim, are currently expected to be lower than HK\$1.0 million; and
- Assuming that the relevant third-party insurance policy is in order, such policy is expected to adequately cover the potential damages discussed above.

We maintain commercial vehicle insurance to cover all of our vehicles in compliance with the applicable rules and regulations. As at the Latest Practicable Date, the maximum indemnity limit of our commercial vehicle insurance was HK\$100.0 million per event for third-party death or bodily injury, and HK\$1.0 million per event for third-party property damage. Following the fatal accident, we notified and delivered the relevant documents to the motor vehicle insurer for such insurer's assessment of the insurance coverage pending results of the police investigation. Based on the preliminary advice of our Hong Kong Legal Counsel, our Directors believe that our motor vehicle insurance policy will adequately cover any potential damages arising in connection with the fatal accident, there can be no guarantee that the actual amount of damages based on further findings will be fully covered by our insurance policy. See "Risk Factors – Risks Relating to Our Business – Our insurance policies may not adequately cover all the potential losses arising from our operations."

Our Hong Kong Legal Counsel has also rendered the following advice dated 12 January 2017 regarding the potential impact of the fatal accident on our Group's ability to tender for government contracts:

*The likelihood that the driver involved in the fatal accident would be charged with an offence that would result in demerit points under the relevant tender document*

Our Hong Kong Legal Counsel advised that (i) demerit point would only be incurred when a notice of default in employment commitment is issued; and (ii) subject to the investigation and examination results of the Hong Kong Police Force, the driver would likely be charged with the offence of dangerous driving causing death, and it is unlikely to result in the issuance of a notice of default in employment commitment by Customer A, and, consequentially, we are unlikely to incur any demerit point.

For details of the demerit points system, see "– Customers, Pricing Policy and Contracting – Our Service Contracts – Tender Contracts".

*Evaluation of the fatal accident under the Marking Scheme on Tender Assessment (the "Marking Scheme")*

There is a two-stage assessment under the Marking Scheme including Stage 1 (mandatory requirements) and Stage 2 (technical and price marking scheme) assessment. See "Industry Overview – The Environmental Cleaning Services Industry in Hong Kong – Marking Scheme

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on Tender Assessment” for more information. As advised by our Hong Kong Legal Counsel, item B.2 (record of past performance) of the technical assessment is the only item which may be affected by the fatal accident under the Marking Scheme. Specifically, item B.2 evaluates a tenderer’s past performance for Customer A in a 36-month period immediately preceding the tender and takes into account the total number of the Other Default Notices that a tenderer has received during the said period.

As at the Latest Practicable Date, no Other Default Notice has been issued by Customer A to our Group in relation to the fatal accident. Based on the currently available evidence and subject to the investigation of the Hong Kong Police Force or the outcome of trial if the driver pleads not guilty, as advised by our Hong Kong Legal Counsel, there is no indication that such Other Default Notice would be issued. For details of the Other Default Notices, see “– Customers, Pricing Policy and Contracting – Our Service Contracts – Tender Contracts”.

Our Hong Kong Legal Counsel opined that: (i) the fatal accident would not affect our Group’s prospects nor invalidate our tender in the Stage 1 assessment of mandatory requirements under the Marking Scheme; (ii) in light of the currently available evidence, our Group’s prospects in the technical and pricing assessments of Stage 2 should also be un-affected under the provisions of the Marking Scheme (subject to the issuance of the Other Default Notice); (iii) depending on the outcome of the investigation of the Hong Kong Police Force or the outcome of trial if the driver pleads not guilty, and in the event that it results in the issuance of the Other Default Notice by Customer A, the fatal accident may then adversely affect the scoring in item B.2; having said that, item B.2 carries a maximum mark of 12 (out of 100), and there is no mandatory passing mark for this item. Even if there were an Other Default Notice by reason of the fatal accident, the consequential lowering of score in item B.2 may not be substantial given its relatively insignificant respective percentage under the Marking Scheme.

*The potential impact of the fatal accident on our Group’s ability to tender for government contracts*

In light of the currently available evidence, our Hong Kong Legal Counsel opined that we will not incur a demerit point as a result of the fatal accident because the nature of the fatal accident is unrelated to failure of fulfilling employment commitment.

As the Hong Kong Police Force’s investigation upon the fatal accident has not been concluded yet, there is a possibility for the issuance of the Other Default Notice (such as blatant and/or behavioural). Nevertheless, pursuant to the relevant tender document, Other Default Notice (if issued) would not give rise to demerit points. It may affect the scoring of one criteria item to a little extent.

Having examined the provisions of tender evaluation criteria in the tender documents of Customer A and our other government sector customers, and in light of the currently available evidence, our Hong Kong Legal Counsel advised that it does not appear that the scoring or prospects of our Group would be adversely affected by the fatal accident under the Marking Scheme or the relevant terms of tender.

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Our Directors confirm that our Group had not encountered any similar incident as the fatal accident or incurred any demerit points prior to and during the Track Record Period and as at the Latest Practicable Date. Based on the currently available information, the advice of our Hong Kong Legal Counsel set out above and the fact that our Group is awarded two new contracts for our building cleaning solutions with two different HK Government departments after the fatal accident (one of the underlying tenders was submitted before the fatal accident on 9 August 2016, while another was submitted after the fatal accident on 28 September 2016), our Directors believe that: (i) it is unlikely that the driver would be charged with an offence that would result in the incurring of any demerit points under the relevant tender document; (ii) the fatal accident would only have limited impact, if any, on the assessment upon our Group's tender proposals under the Marking Scheme; and (iii) the fatal accident would not materially and adversely affect our Group's ability to tender for government contracts.

Based on the currently available information and to the knowledge of the Directors, there is no evidence to indicate that the fatal accident would have an impact on the Group's ability to tender for non-government contracts. The Group continued to secure 9 new tenders with an aggregate contract value of approximately HK\$3.1 million from private sector customers after the fatal accident.

The Sole Sponsor has reviewed the advice dated 13 October 2016 and 12 January 2017 provided by the Hong Kong Legal Counsel and has discussed with the management of the Company and the Hong Kong Legal Counsel. Based on the above and also having considered the aforesaid basis of the Directors' view, the Sole Sponsor considers that the fatal accident does not have any material adverse impact on the Group's operation and financial position.

In light of the fatal accident, on 14 February 2017, our internal safety officer and the independent Safety Consultant (who was appointed on a continuing basis) have issued a joint report with the following material findings and recommendations regarding the Group's safety management system that:

- the content about workplace transport safety in the staff handbook be further substantiated;
- the general awareness of workplace transport safety and the general sense of precaution against accident of our drivers be increased and reinforced;
- monthly checking of workplace transport safety by management staff be undertaken; and
- risk assessment on our workplace transport safety be conducted semi-annually.

Our internal safety officer and the independent Safety Consultant did not identify any material deficiency in the Group's occupational health and safety system during the Track Record Period and up to the Latest Practicable Date. Pursuant to the joint report, we will enhance our safety management system and staff training with respect to workplace transport

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safety. Specifically, our on-site supervisors will provide training and relevant briefing materials with respect to workplace transport safety to our operations staff and our drivers. All of our drivers will be required to sign on the briefing materials to acknowledge completion of the training. Our internal safety officer and the Independent Safety Consultant have also jointly prepared a risk assessment report of our workplace transport safety on 17 October 2016 to minimise the potential risk of road traffic injuries. See “– Occupational Health and Safety” for details of our safety management system. Furthermore, the Hong Kong Police Force has notified us that it will schedule a mandatory driving and traffic training course, which is to be attended by all of our drivers in March 2017.

### Material ongoing legal proceedings

We had five material ongoing legal proceedings (the “**Material Ongoing Claims**”) as at the Latest Practicable Date. We have paid a sum of approximately HK\$282,000 for the claims with respect to the relevant legal costs and expenses. Details of the material ongoing legal proceedings are set out below:

	<u>Nature of the claim</u>	<u>Damages sought</u>	<u>Current status</u>	<u>Insurance coverage</u>
1.	A third-party pedestrian brought the personal injury claim against us and our customer, a HK Government department, as she sustained injuries by falling on the floor of a government building on 30 October 2012.	To be assessed by court	Ongoing and is at the negotiation stage. Checklist review hearing to be held on 20 July 2017.	The insurance company rejected coverage for the claim as the incident was not reported within the requisite period <sup>(1)</sup> . We will therefore bear the amount of damages in the event that the court rules against us. As such, a provision may be made for the legal proceeding as and when necessary.
2.	An employee brought the personal injury claim against us as she slipped and fell near a bus repair pit and sustained injuries on 14 November 2013.	To be assessed by court	Ongoing and is at the negotiation stage. Checklist review hearing to be held on 28 July 2017.	All relevant costs and expenses will be fully covered by our insurance policy. The insurer has taken up the investigation and representation of the claim on our behalf.

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	<u>Nature of the claim</u>	<u>Damages sought</u>	<u>Current status</u>	<u>Insurance coverage</u>
3.	An employee brought the employees' compensation claim against us as she sustained head injuries by slipping and falling onto the ground with her head hitting against a plastic water-barrier at the side of the road during her course of employment on 20 April 2016.	To be assessed by the court	Ongoing and is at the negotiation stage. First hearing to be held on 30 June 2017.	All relevant costs and expenses will be fully covered by our insurance policy. The insurer has taken up the investigation and representation of the claim on our behalf. The Directors confirm that all potential personal injury liabilities under common law that may arise from this claim are covered by our insurance policy.
4.	An employee brought the employees' compensation claim against us as she sustained sprained back by slipping and falling when she was mopping the floor during her course of employment on 17 September 2016.	To be assessed by the court	Ongoing and is at the pleading stage. First hearing to be held on 11 August 2017.	All relevant costs and expenses will be fully covered by our insurance policy. The insurer has taken up the investigation and representation of the claim on our behalf. The Directors confirm that all potential personal injury liabilities under common law that may arise from this claim are covered by our insurance policy.
5.	A third-party pedestrian brought the personal injury claim against the driver and us, as he sustained injuries in a traffic accident involving our vehicle on 20 February 2016. <sup>(2)</sup>	To be assessed by court	Ongoing and is at the pleading stage. Checklist review hearing to be held on 25 August 2017.	All relevant costs and expenses will be fully covered by our insurance policy. The insurer has taken up the investigation and representation of the claim on our behalf.

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*Note:*

- For the underlying incident that happened on 30 October 2012 (the “**Incident**”), despite the time of occurrence of the Incident, the third-party plaintiff initiated legal proceeding in September 2015 and joined us as one of the defendants in February 2016. Our Group learnt from the co-defendant regarding the said legal proceeding in January 2016 and reported to the insurance company immediately following the notice. Alleging that our Group had knowledge of the Incident at a much earlier stage, the insurance company determined that this was a late report of the Incident in breach of the notice provision under the policy and repudiated its liability under the policy in May 2016.

Although the Directors are of the view that having such a late notice of the legal proceeding is unusual and that the recurrence risk is relatively low, to prevent its recurrence, our Group has implemented a separate reporting and monitoring procedure for third-party incidents, which consists of the following

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steps: (1) the on-site staff shall report to the on-site supervisor immediately after they note the occurrence of any third-party incident; (2) the on-site supervisor shall collect details regarding the third-party incident, verbally report to the human resource department within the same day and submit a written report within two days; (3) the human resource department shall, after receipt of the verbal report from the on-site supervisor, immediately file a report of the third-party incident with the insurance company; and (4) the on-site supervisor shall monitor the development of the third-party incident by having regular communication with the customer, the property manager and other parties involved (if any).

As advised by the legal counsel instructed by our Group for the Incident, the estimated amount of claim for the Incident against our Group is approximately HK\$90,000 plus interest. As at the Latest Practicable Date, no provision has yet been made for such claim.

2. As at the Latest Practicable Date, this is the latest Material Ongoing Claim against the Group and the Directors became aware of it on 20 March 2017. We have engaged our Hong Kong Legal Counsel to render preliminary advice on the potential legal consequences and maximum potential damages to which we may be exposed as a result of this Material Ongoing Claim. Based on the limited information currently available and subject to the disclosure of further evidence, our Hong Kong Legal Counsel has rendered the following preliminary advice dated 22 March 2017: (a) in light of the currently available evidence, the driver is likely to be found to have been negligent in driving our vehicle; (b) it is undisputed that the driver was our employee. If the driver was, at the time of the traffic accident, acting within the scope of his employment, we would likely be vicariously liable for the negligence of the driver; (c) the current estimated potential maximum damages should be less than HK\$500,000; and (d) assuming that the relevant third-party insurance policy is in order, such policy is expected to adequately cover the said potential damages.

Our Hong Kong Legal Advisers have the same view with our Hong Kong Legal Counsel as shown in items (a), (b) and (d) above, and are of the view that the current estimated maximum liability for the said Material Ongoing Claim should not exceed HK\$450,000.

Based on the preliminary advice of our Hong Kong Legal Counsel and as advised by our Hong Kong Legal Advisers, our Directors believe that our motor vehicle insurance policy will adequately cover any potential damages arising in connection with the said Material Ongoing Claim and consider that the Material Ongoing Claim does not have any material adverse impact on the Group's operation and financial position.

### Potential legal proceedings in relation to employees' compensation claims

During the Track Record Period and as at the Latest Practicable Date, we settled 241 employees' compensation claims, 146 of which were covered by our employees' compensation insurance (the "**Insured Claims**") while the remaining claims, with an aggregate settlement amount of approximately HK\$99,000, were settled by our internal resources (the "**Direct Settlement Claims**"). All of the Direct Settlement Claims were in relation to injuries that resulted in temporary incapacity for not more than 11 days and no permanent incapacity. Our Group chose to settle those claims directly with the employees instead of reporting them to the insurance company, having considered that (i) the settlement amount for each of those claims was less than HK\$3,100, (ii) high frequency of accident reporting may result in material increase in the insurance premium payable by our Group, and (iii) prompt settlement is beneficial to our Group's reputation and employee morale. Our Directors confirm that each of the Direct Settlement Claims was within the maximum indemnity limit of our employees' compensation insurance and believe that all of them would have been covered by our employees' compensation insurance had they been duly reported to the insurance company.

As at the Latest Practicable Date, our Group has a total of 92 potential employees' compensation claims that are still pending process by the Labour Department (the "**Pending Claims**"). All of the Pending Claims, including all the potential personal injury liabilities under

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common law that may arise from the Pending Claims, are covered by our employees' compensation insurance. The said Pending Claims have been taken over by the insurance company. As confirmed by the Company, the injured employees in the Pending Claims have not been arranged for assessing the percentage of loss of earning capacity permanently caused by the injury and thus no assessment of the aggregate amount claimed for the Pending Claims was available as at the Latest Practicable Date.

Our Directors are of the view that the Material Ongoing Claims and the Pending Claims do not have a material impact on our Group's financial and operational performance having considered that (i) all of the said claims except one are taken over by the insurance company and the estimated liability for the remaining one, on the other hand, is not substantial; and (ii) the difficulty to replace workers to fill up the vacancies of the injured employees is low.

Taking into account the following: (i) save and except for the Incident and the Direct Settlement Claims, the Group has maintained insurance coverage with respect to employees' compensation claims for its employees in respect of the Insured Claims, the Material Ongoing Claims and the Pending Claims, which have been taken over by the insurance company as disclosed above; (ii) the nature of each of the Direct Settlement Claims, the Material Ongoing Claims and the Pending Claims; (iii) the advice sought from the legal counsel instructed by the Group for the Incident, which indicates that, even if a provision shall be made for the Incident, the estimated amount would be approximately HK\$90,000 plus interest; (iv) the total amount claimed for the Direct Settlement Claim was only approximately HK\$99,000; and (v) replacement for the vacancies of injured employees resulting from the Direct Settlement Claims, the Material Ongoing Claims and the Pending Claims is not difficult, the Sole Sponsor is therefore of the view that the impact on the financial and operational position of the Group as a result of the 241 settled employees' compensation claims, the Material Ongoing Claims and the Pending Claims would be immaterial.

The nature of our employees' compensation claims involved: (i) slip and fall injuries; (ii) injuries sustained while lifting or carrying objects; (iii) struck by objects; and (iv) other injuries. An injured employee may bring a common law personal injury claim within the statute of limitation period if the injury is caused by our negligence, breach of statutory duty, wrongful act or omission. As such, although 241 employees' compensation claims have been settled, we may still be subject to potential personal injury legal proceedings under common law. Our Directors confirm that the said potential personal injury legal proceedings under common law are covered by our employees' compensation insurance.

Damages awarded under common law will exclude the compensation paid or payable to the injured employees under the Employees' Compensation Ordinance. For more information on the Employees' Compensation Ordinance, see "Regulatory Overview – Regulations in Hong Kong – Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong)".

### **Material legal proceedings that have been settled**

Each of the following material legal proceedings that have been settled (the "**Material Settled Claims**") was covered by our employees' compensation insurance. Our Directors confirm that the settlement amount of each Material Settled Claim (if applicable) is determined

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on the basis of the advice on quantum issued by the lawyer(s) instructed by the insurance company, and the major variables in assessing the damages included the age and monthly earning of the claimant at the time of the incident, severity of the injury and loss of earnings.

### *Personal injury claims*

<b>Nature of claim</b>	<b>Settlement/ Court judgment</b>	<b>Settlement amount</b>
		<i>(HK\$)</i>
1. A third-party pedestrian slipped and fell on the floor on 5 November 2010 and she brought the claim against us and our customer, which is the property management company of the building.	The co-defendant and the plaintiff reached a settlement on 9 December 2015. The co-defendant was ordered by the court to pay the settlement amount in full.	–
2. The plaintiff-employee was assaulted by her colleague on 4 May 2010, the co-defendant-employee, and he brought the claim against us and the co-defendant-employee.	The court ruled against the plaintiff-employee on 17 September 2014.	–
3. An employee fell down the staircase and sustained left elbow injury on 18 March 2012; and she brought the claim against us.	We settled with the employee on 26 May 2015.	105,000
4. An employee slipped and fell on the floor on 28 April 2012 and sustained injuries including fracture of left distal radius and ulnar styloid; and she brought the claim against us.	We settled with the employee on 5 August 2014.	236,237
5. An employee was hit by a piece of glass at a garbage collection room on 9 December 2012 and sustained right leg injury; and she brought the claim against us.	We settled with the employee on 14 February 2017.	115,888
6. An employee fell from the staircase railing when cleaning a full height glass panel on 10 March 2013 and sustained multiple fractures; and she brought the claim against us.	We settled with the employee on 23 July 2015.	300,000
7. An employee slipped and fell at the entrance of a refuse collection point on 4 July 2013 and she sustained right foot fracture; and brought the claim against us.	We settled with the employee on 27 November 2014.	298,992



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Nature of claim	Settlement/ Court judgment	Settlement amount (HK\$)
8. A third-party pedestrian slipped and fell on the floor on 7 November 2014 and sustained abrasional wound over knee and ankle swelling; and she brought the claim against us.	We settled with the third-party pedestrian on 21 January 2016.	195,000

### *Employees' compensation claims*

Nature of claim	Settlement/ Court judgment	Settlement amount (HK\$)
9. An employee sustained back injuries while cleaning the ceiling of a bus on 23 September 2009 and she brought the claim against us.	The employee voluntarily withdrew her claim against us on 7 July 2014.	–
10. An employee fell down the staircase and sustained left elbow injury on 18 March 2012; and she brought the claim against us.	We settled with the employee on 16 July 2014.	163,442
11. An employee fell from the railing on 10 March 2013 and sustained injuries to her right foot; and she brought the claim against us.	We settled with the employee on 2 January 2015.	83,484
12. An employee slipped and fell at the entrance of a refuse collection point on 4 July 2013 and she sustained right foot fracture; and brought the claim against us.	We settled with the employee on 18 June 2014.	118,992
13. An employee slipped and fell near a bus repair pit causing her left leg falling into and being stuck in a gap of the pit on 14 November 2013 and thus sustained injuries over leg, knee and ankle and psychiatric impairment; and she brought the claim against us.	We settled with the employee on 8 March 2016.	254,592
14. An employee was struck by a forklift on 25 August 2014 and sustained injuries to her right foot together with bruising and cuts over her limbs and forehead; and she brought the claim against us.	We settled with the employee on 27 November 2015.	200,561
15. An employee slipped and fell as she walked down on the stairs of a rubbish terminal on 13 September 2014 and sustained fractures on both ankles; and she brought the claim against us.	The parties have agreed to settle the claim and a relevant consent summons was signed on 24 January 2017.	250,887

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<u>Nature of claim</u>	<u>Settlement/ Court judgment</u>	<u>Settlement amount</u>
16. An employee's left leg was cut by a sharp object while she was picking up a bag of garbage and used her left leg to support the same on 26 September 2014; and she brought the claim against us.	We settled with the employee on 16 September 2015.	(HK\$) 3,001

*Notes:*

1. The Material Settled Claims are the cases which have been proceeded in the court and not counted into the total number of the employees' compensation claims as described in "– Compliance and Legal Proceedings – Legal Proceedings – Potential legal proceedings in relation to employees' compensation claims" above.
2. For the Material Settled Claims which are employees' compensation claims, all the existing and potential personal injury liabilities under common law that have arisen or may arise from those claims are covered by our employees' compensation insurance.

### **Provisions made in light of the legal proceedings**

Save as disclosed in the Material Potential Claim and the first Material Ongoing Claim, for which provisions may be made at a later date based on the result of the current legal proceedings against the driver involved in the Material Potential Claim and the current negotiation among the relevant parties, respectively, our Directors confirm, having considered, among others, that: (i) the above incidents occurred during the usual and ordinary course of our business; (ii) none of the incidents was caused by our negligence, breach of statutory duty, wrongful act or omission; (iii) none of the incidents caused any material disruption to our business; (iv) we were not subject to any regulatory penalty or fine as a result of these incidents; (v) the incidents, individually or in the aggregate, would not have any material and adverse impact on our business or financial condition; and (vi) we have obtained and maintained adequate insurance coverage, which covered all of the incidents, we consider that no provision for any other legal proceedings, actual or threatened, against us is necessary.

Our Controlling Shareholders have entered into a deed of indemnity whereby our Controlling Shareholders have agreed to indemnify our Group, subject to the terms and conditions of the said deed of indemnity, in respect of any liabilities which may arise as a result of any outstanding and potential litigations, claims of our Group on or before the date which the Share Offer becomes unconditional. For more information, see "Appendix IV – E. Other Information – 1. Tax and other indemnities."

Except for the legal proceedings disclosed herein, there were no legal proceedings, arbitrations or administrative proceedings, actual or threatened, against us or any of our Directors which could have a material and adverse impact on our financial condition or results of operations as at the Latest Practicable Date.

### **INTERNAL CONTROL**

To ensure our ongoing compliance with relevant regulatory requirements, we have adopted, or expect to adopt before the Listing, a series of internal control policies, procedures and programmes designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable rules and regulations. Highlights of our internal control system include the following:

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- Our Directors and senior management attended a training session on 12 August 2016 in respect of the relevant requirements of the GEM Listing Rules and duties of directors of companies listed in Hong Kong;
- We have adopted various policies to ensure compliance with the GEM Listing Rules, including aspects related to risk management, connected transactions and information disclosure;
- An audit committee has been established comprising three independent non-executive Directors to review and supervise our financial reporting process and internal control system;
- We shall engage an external legal counsel to render professional advice and training as to compliance with the relevant statutory requirements, if necessary; and
- We have implemented a series of internal policies and procedures with respect to our business operations including capital management and financial management.

We engaged SHINEWING Risk Services Limited (“**SHINEWING Risk**”) on 14 April 2016 to perform a review of our internal control system and to put forward recommendations based on the review. SHINEWING Risk is in the business of, among others, providing risk management, internal control and corporate governance advisory services to listed companies and listing applicants in Hong Kong.

We have implemented rectification and improvement measures, as the case may be, in response to these findings. On 30 September 2016, SHINEWING Risk has completed the follow-up review on our internal control system with regard to our rectification and improvement actions, as the case may be.

### **Internal control measures regarding workplace safety, claims and accidents**

Having assessed the Group’s internal control systems, SHINEWING Risk has found that the Group’s internal control measures in relation to workplace safety, claims and accidents are adequately and effectively designed to prevent and handle the occurrence of claims and accidents. Details of such measures are as follows:

#### ***Safety manual/staff handbook and training***

- The Company has established a safety manual for cleaning worker, which comprises the safety guidelines for the use of ladders and suspended working platforms, prevention of heat stroke and cautiousness about personal safety, usage and storage of chemicals used during cleaning, mosquito and rat prevention, use of different protective equipment. In addition, staff handbook for logistics staff has also been established, which comprises the repair and maintenance of truck and the compliance of relevant rules and regulation.
- The Group’s staff is required to study and acknowledge their understanding of the safety manual/staff handbook. The safety manual/staff handbook is reviewed and amended by

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the deputy general manager, if necessary, with reference to the guidelines issued by the Occupational Safety & Health Council, relevant rules and regulation and the advice from the legal adviser of the Company. The updated manual will be circulated to the staff for execution.

- Induction training and various other training have been provided to the staff monthly. The training programmes provided to the staff aim at reinforcing and updating their knowledge of the operation of the tools, equipment and specialised vehicles, as well as the work safety.

### *Workplace safety*

- Site supervisors and district managers with sufficient experience on site safety are appointed to ensure the overall safety for each site and district respectively. Their roles and responsibilities comprise:
  - reminding staff of the safety measures at the commencement of each project and weekly meeting;
  - monitoring workplace safety;
  - taking adequate steps to enhance safety of the working environment;
  - ensuring that only qualified staff should conduct the specific work requiring specific licence;
  - acting as a key contact for emergency and injuries reported; and
  - enforcing safety policy.
- Site supervisors and district managers are required to prepare weekly report to the management together with suggested follow-up or remedial measures in the aspect of workplace safety. The management reviews the suggested measures, and the site supervisors and district managers implement the suggested measures and report the progress in the coming weekly report.
- Management visits the field for site inspection regularly. They will discuss with the site supervisors and district managers on potential risks discovered and the opportunity for continuous improvement of site safety management to prevent injury and damage. In addition, they will also provide suggestion for workplace safety improvement and updates on the legal requirements affecting safety, health and welfare.

*Handling of personal injury claims and accidents*

- Insurance policy which covers third party risk and employee compensation has been arranged.
  
- We have in place an incident reporting system to handle matters involving employees sustaining injuries on site. Upon being informed of the injury by the injured employee and/or any other employee, the site-supervisor and district manager will report to the human resources manager and the chief financial officer, and we will submit a work injury report to the Labour Department in accordance with the Employees' Compensation Ordinance. We will then notify the insurance company of the incident. We and the relevant employee may agree on means to expedite a settlement. For details of the incident reporting system, please refer to the section headed "Business – Occupational Health and Safety – Our Incident Reporting System" above.

In view of the status of the Group's implementation of the relevant internal control measures, SHINEWING Risk is satisfied that the design of the Group's current internal control measures in relation to workplace safety, claims and accidents set out in the sub-section above are adequate and effective. On the basis of the preventive measures described above, our Directors are of the view that we have an adequate internal control system in place for the purpose of the GEM Listing Rules.

The Sole Sponsor has reviewed the internal control report regarding the workplace safety, claims and accidents prepared by SHINEWING Risk and discussed with SHINEWING Risk on the design effectiveness of the Group's relevant internal control measures which include: (a) enquiring with the Company's management with respect to internal control procedures; (b) performing walkthrough tests, with samplings obtained on internal control procedures; (c) addressing the deficiencies identified and recommending remedial actions to be taken; and (d) ensuring that the recommended remedial actions have been taken. The results of the internal control review are satisfactory. Our Directors have also confirmed that the Group has taken all reasonable steps to implement the relevant internal control measures and the recommended remedial actions. In light of the above, the Sole Sponsor considers that the enhanced internal control measures adopted by the Group to be adequate and effective.

Our Directors are of the view, and the Sole Sponsor concurs, that there are no material non-compliance incidents which may have a material impact on the suitability of our Directors under Rules 5.01 and 5.02 of the GEM Listing Rules and our suitability for Listing under Rule 11.06 of the GEM Listing Rules.

**Internal control measures regarding reporting of claims and legal proceedings against the Group**

As at the Latest Practicable Date, there has been a legal proceeding against the Group that was not reported to the Directors and the senior management of the Group in a timely manner due to delayed communication among staff of different departments in relation to the correspondence of the said legal proceeding. In order to enhance and strengthen the

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communication among staff of different departments, in particular, correspondences relating to legal proceedings and claims, the Directors issued an internal notice to all staff (i) reminding them to tackle all scheduled routine work in the time-frame as indicated and cover their colleague of the same department who is on leave, (ii) informing them of the possible implementation of succession plan for staff level and (iii) announcing that all correspondence regarding legal proceedings and claims shall be submitted to the Directors with copy to the company secretary of the Group on the receiving day with immediate effect.

We further consulted SHINEWING Risk for enhancing the current internal control systems of the Group with regard to the said matter, and SHINEWING Risk has recommended, among others, the following measures:

1. Establish written workflow on handling mails and packets (the “**Workflow**”). In particular, the Workflow should indicate the person who is principally responsible for handling the mails and packets; and the backup plan on handling the mails and packets (having at least two back-up personnel for the process);
2. Conduct semi-annual review and update on the roles and responsibilities of different departments of the Group and the established succession plan which designates suitable back-up personnel to substitute for each senior management who is not able to perform his/her duties tentatively as per the current needs of the Group;
3. Provide training to the relevant staff, so that they can fully understand the workflow of handling urgent matters, especially the registered mails, legal documents, government/regulatory bodies related documents. The management should also alert and urge all staff to maintain close communications between different departments and within the same department;
4. Regular meetings should be held between senior management to discuss internal control matters, including the staff backup arrangement and urgent matter handling issues, and to evaluate how to rectify the deficiencies identified. All senior management is involved in the meeting and executive Directors are responsible for reviewing the effectiveness of the measures; and
5. SHINEWING Risk will assist the Group to assess the design and operating effectiveness of the Group’s internal control system over selected processes. The internal control consultant will closely communicate with the management and relevant process owner(s) on the identified deficiencies and make relevant recommendations after the review. Subsequent review will be performed to follow up on the remediation status and other external professional adviser(s) will be appointed as and when needed.

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The Group has appointed SHINEWING Risk as internal control consultant to perform its internal audit functions after Listing, including conducting monthly review for the first six months after Listing and quarterly review afterwards, and assisting the Group to assess the design and operating effectiveness of the Group's internal control systems over selected processes.

Upon reviewing the above measures, our Directors are of the view that the recommendations of SHINEWING Risk are appropriate and feasible, and the Group will implement the above measures with immediate effect.

The Sole Sponsor, after consulting SHINEWING Risk and the Directors, and having considered that (i) the delay in reporting the above legal proceeding mainly related to administrative matters without involvement of any dishonesty of Directors and was unintentional; (ii) the Group has taken above rectification measures and enhanced internal control measures to avoid recurrence of the said matter; (iii) compliance matters of the Group will be under the supervision of senior management with the assistance of SHINEWING Risk; and (iv) the appointment of SHINEWING Risk to conduct monthly review for the first six months after Listing and quarterly review afterwards (the frequency of the review performed by SHINEWING Risk may be increased for the first six months after Listing, if necessary), is of the view that the enhanced internal control measures are adequate and effective.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Share Offer and Capitalisation Issue (without taking into account any Shares which may be issued upon exercise of the Offer Size Adjustment Option or of any options which may be granted under the Share Option Scheme), the issued Shares of our Company will be owned as to 29.25% by Man Shing Global, 29.25% by Lik Hang Investment, 13.5% by Pro-Integration and 3% by Chun Shing Investment. Each of Man Shing Global, Lik Hang Investment, Pro-Integration and Chun Shing Investment is wholly owned by Mr. C.S. Wong, Mr. M.S. Wong, Mr. Chan and Mr. C.H. Wong, respectively.

Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong have entered into a concert parties agreement whereby they have agreed, confirmed and ratified, among other things, that at all times before or after the completion of the Reorganisation, they have been cooperating and acting in unison with respect to the operation, management and financial matters of our Group and have been able to reach consensus in making decisions, and to act and vote unanimously in all matters that require Shareholders' approval under the Articles; and that they will continue to cooperate and act with consensus in all corporate matters and to vote unanimously in all matters that require Shareholders' approval. Mr. Chan did not enter into any concert parties agreement with Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong.

In view of the above, as Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong have been acting in concert throughout the Track Record Period and up to the Latest Practicable Date, they are considered as a group of Controlling Shareholders; and Mr. C.S. Wong, Man Shing Global, Mr. M.S. Wong, Lik Hang Investment, Mr. C.H. Wong and Chun Shing Investment will be regarded as our Controlling Shareholders within the meaning of the GEM Listing Rules. Each of Man Shing Global, Lik Hang Investment and Chun Shing Investment is an investment holding company and has not commenced any business activity as at the Latest Practicable Date. Each of Mr. C.S. Wong, Man Shing Global, Mr. M.S. Wong, Lik Hang Investment, Mr. C.H. Wong and Chun Shing Investment has confirmed that he and it does not hold or have any interest in or conduct or manage or is not involved in any business or any corporation the business of which competes, or is likely to compete, either directly or indirectly, with our business.

### INDEPENDENCE OF OUR GROUP

In the opinion of our Directors, our Group is capable of carrying on our businesses independently of, and does not place undue reliance on, the Controlling Shareholders and their respective close associates, taking into account the following factors:

#### (i) Financial independence

During the Track Record Period, our Group has in place bank borrowings, overdraft facilities and motor vehicle finance leases secured by personal guarantees of Mr. C.S. Wong and Mr. M.S. Wong, each a Controlling Shareholder. Such guarantees will be released upon Listing and be replaced by a corporate guarantee from our Company.



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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### *Historical connected transaction*

Mr. C.S. Wong had unsettled balances due to the Group during the Track Record Period. The amounts due from Mr. C.S. Wong are unsecured, interest-free and repayable on demand. As at 31 March 2015, Mr. C.S. Wong had unsettled balances of approximately HK\$0.3 million due to an advance from Man Shing Cleaning Service to Mr. C.S. Wong for his personal, non-trade use, such amounts increased to approximately HK\$9.5 million as at 31 March 2016. Mr. C.S. Wong had settled part of the unsettled balances and the amounts due decreased to approximately HK\$7.1 million as at 30 September 2016. The amount due from Mr. C.S. Wong of approximately HK\$7.1 million has been fully settled on 29 December 2016, thereby releasing Mr. C.S. Wong from his obligation of repayment and would therefore constitute our discontinued connected transaction upon Listing. We do not intend to make any advances to our Shareholders in the future.

As at the Latest Practicable Date, our Group did not provide any loans, guarantees or other financial assistance to the Controlling Shareholders or their associates. Notwithstanding the above, our Group has independent financial and accounting systems and independent access to third party financing. Our Group makes financial decisions according to its business needs.

In view of our Group's internal resources and the estimated net proceeds from the Share Offer, our Directors believe that our Group will have sufficient capital for its financial needs without dependence on our Controlling Shareholders. Our Directors further believe that, upon the Listing, our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders.

### **(ii) Operational independence**

Our Group has established our own organisational structure comprising individual departments, each with specific areas of responsibilities. Our Group has not shared our operational resources, such as suppliers, customers, marketing, sales and general administration resources with our Controlling Shareholders and/or their associates.

### **(iii) Management independence**

Our Company aims at establishing and maintaining a strong and independent Board to oversee our Group's business. Our Board's main function includes approving the overall business plans and strategies of our Group, monitoring the implementation of these policies and strategies and management of our Group. Our Group has an independent management team, which is led by a team of senior management with substantial experience and expertise in our business, to implement our Group's policies and strategies.

Each of Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong, being our executive Directors, is the sole shareholder and sole director of Man Shing Global, Lik Hang Investment and Chun Shing Investment respectively. Mr. C.S. Wong, Man Shing Global, Mr. M.S. Wong, Lik Hang Investment, Mr. C.H. Wong and Chun Shing Investment are our Controlling Shareholders. Save as disclosed above, no other Directors or members of senior management of our Group hold any directorship or position in our corporate Controlling Shareholders.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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### (iv) Independence of the five largest suppliers

Our Directors confirm that none of our Controlling Shareholders and their respective close associates has any relationship with the five largest suppliers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period.

### (v) Independence of the five largest customers

Our Directors confirm that none of our Controlling Shareholders and their respective close associates has any relationship with the five largest customers of our Group (other than the business contacts in the ordinary and usual course of business of our Group) during the Track Record Period.

## RULE 11.04 OF THE GEM LISTING RULES

Our Controlling Shareholders and our Directors do not have any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 11.04 of the GEM Listing Rules.

## NON-COMPETITION UNDERTAKINGS

For the purpose of the Listing, each of our Controlling Shareholders has entered into the deed of non-competition undertakings in favour of our Company (for its own and on behalf of all members of our Group) (the "**Deed of Non-Competition Undertakings**") on 27 March 2017, pursuant to which each of our Controlling Shareholders, irrevocably and unconditionally, undertakes and covenants with our Company that during the period that the Deed of Non-Competition Undertakings remains effective, each of our Controlling Shareholders shall not, and shall procure that none of his/its associates (excluding any member of our Group) shall, among others:

- (a) directly or indirectly (other than through our Group), whether on his/its own account or jointly with or on behalf of any person, firm or company, engage, participate or hold any right or interest in or render any services to or otherwise be involved, whether as a shareholder, director, employee, partner, agent or otherwise (as the case may be), in any business in competition with or likely to be in competition with our Group's existing business activity and any business activities which may be undertaken by our Group from time to time (the "**Restricted Business**") and/or which any member of our Group may undertake in Hong Kong or outside Hong Kong from time to time ("**Restricted Territory**");
- (b) at any time use the name or business style of any member of our Group, or represent himself/itself as carrying on or continuing or being connected with any member of our Group or its business for any purpose whatsoever save as those names/business styles which have been previously disclosed in writing to the Company;

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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- (c) directly or indirectly solicit, interfere with, employ or endeavour to entice away from any member of our Group any person who, to his/its knowledge, is now, or has during the preceding 12 months been, a client, customer, supplier or employee of, or in the habit of dealing with, any member of our Group; and
- (d) take any direct or indirect action which constitutes an interference with or a disruption to the business activities of any member of our Group.

Notwithstanding the above, our Controlling Shareholder may either by himself/itself individually or through his/its associate(s):

- (a) hold shares and other securities in any member of the Group; and
- (b) hold and/or be interested in any shares or other securities in any listed company which engages or is involved in any business or activity which directly or indirectly competes with the Restricted Business, provided that, in the case of such shares, they are listed on recognised stock exchange and either:
  - (i) the relevant Restricted Business (and assets relating thereto) accounts for less than 10% of that relevant company's consolidated revenue or consolidated assets, as shown in that company's latest audited accountant's report; or
  - (ii) the total number of the shares held by the Controlling Shareholder and/or his/its associates or in which they are together interested does not amount to more than 5% of the issued share capital of the relevant company and the Controlling Shareholder and/or his/its associates shall not participate in or be otherwise involved in the management of the relevant company.

If any disagreement arises between our Controlling Shareholder(s) and our Company as to whether or not any business or activity or proposed activity or business directly or indirectly competes or may lead to competition with the Restricted Business, the matter shall be determined by the independent non-executive Directors, and their decision shall be final and binding.

In addition, each of our Controlling Shareholders irrevocably and unconditionally undertakes that during the Restricted Period if he/it, or his/its associates, receive enquiries of or is made aware of or comes across any actual or potential business opportunity relating to any of the Restricted Business in the Restricted Territory (the "**Business Opportunity**") or any such Business Opportunity is made available to him/it or his/its associates, he/it shall direct or procure the relevant associate to direct such Business Opportunity to us (and not to any other person) and inform us of such Business Opportunity on a timely basis but in any event no later than 14 days from the date of receipt of such enquiry or knowledge of such Business Opportunity together with such requisite information to enable our Group to evaluate the merits of the Business Opportunity. The relevant Controlling Shareholder shall provide, or procure the relevant associate to provide us with all such assistance to secure such Business

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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Opportunity as our Company or the relevant member of our Group may reasonably request or require. The relevant Controlling Shareholder is obliged to use his/its best endeavours to procure the Business Opportunity to be first offered to our Group on terms that are fair and reasonable. Any decision of our Group as to whether to pursue such Business Opportunity shall have to be approved by our independent non-executive Directors. If any disagreement arises between our Controlling Shareholder(s) and our Company concerning whether or not any Business Opportunity is related to, or is direct or indirect competition or potentially lead to competition, with the Restricted Business, such matter shall be determined by the independent non-executive Directors whose decision shall be final and binding.

In the event that there is a conflict of interest or potential conflict of interest including but not limited to the relevant meeting of the independent non-executive Directors in considering whether or not to exercise the right of first refusal on the Business Opportunity, our Controlling Shareholders shall abstain, and shall procure his/its associates (other than members of the Group), to abstain, from voting at and shall not be counted as quorum at all the meetings of Directors and Shareholders on resolutions considering the Group making the decision as to whether or not to participate or invest or to be involved in the relevant Restricted Business.

Further, each of our Controlling Shareholders warrants and undertakes irrevocably and unconditionally that:

- (a) he/it shall not pursue and shall procure that none of his/its associates shall pursue a Business Opportunity unless the Group decides not to pursue such Business Opportunity. Any decision made by the Group regarding whether to pursue such Business Opportunity shall be approved by the independent non-executive Directors. For the avoidance of doubt, the Group shall not be required to pay any fees to our Controlling Shareholder and/or his/its associates in respect of the direction or information of such Business Opportunity;
- (b) he/it will furnish the Company with all information necessary in enforcing the covenants or undertakings in the Deed of Non-Competition Undertakings; and
- (c) neither he/it nor any of his/its associates is currently carrying on or engaging or participating or interested or involved, directly or indirectly, (whether as a shareholder, director, employee, partner, agent or otherwise, and whether for profit, reward or otherwise) in any business that is in direct or indirect competition or potentially lead to competition with the Group or in the Restricted Business otherwise than through the Group and save as disclosed in the prospectus.

Our Controlling Shareholders will make an annual confirmation in respect of the compliance by them and their associates with the terms of the Deed of Non-Competition Undertakings and acknowledge and agree that such confirmation will be disclosed in our Company's annual report.

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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Our Controlling Shareholders further undertakes to furnish all information as they and/or their associates may possess and is necessary as required for the review conducted by the independent non-executive Directors (at least on an annual basis) on the compliance with the terms of the Deed of Non-Competition Undertakings. Our Controlling Shareholders acknowledge and agree that the Company may disclose decisions on matters reviewed by its independent non-executive Directors in relation to the breach and enforcement of the terms of the Deed of Non-Competition Undertakings (if any) and confirm his/its or his/its associates' compliance during the relevant period under review, as the case may be, in the annual report of our Company or by way of announcements to the public.

The Deed of Non-Competition Undertakings shall take effect from the Listing Date and shall cease to have effect on a Controlling Shareholder on the earlier of (i) the date on which such Controlling Shareholder and his/its associates, individually or collectively ceases to be interested, directly or indirectly, in 30% or more of the Shares in issue, or otherwise ceases to be regarded as a Controlling Shareholder of our Company or (ii) the date on which the Shares cease to be listed on the GEM of Stock Exchange (the “**Restricted Period**”) (save for temporary trading halt or suspension of trading of the Shares on the Stock Exchange due to any reason).

### CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that he/it fully comprehends his/its obligations to act in the best interests of our Company and our Shareholders as a whole. To avoid and manage any potential conflicts of interest arising from any future potential competing business and to safeguard the interests of our Shareholders, our Group will implement the following measures:

- (i) our Board is committed to the view that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element within our Board to effectively exercise independent judgment. Our Company has appointed three independent non-executive Directors. Our Directors believe that our independent non-executive Directors are of sufficient calibre, are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide impartial and professional advice to protect the interests of the minority Shareholders. Details of our independent non-executive Directors are set out in the section headed “Directors and Senior Management” in this prospectus;
- (ii) our Board will ensure reporting any event relating to potential conflict of interests to our independent non-executive Directors as soon as practicable when it realises or suspects any event relating to potential conflict of interests may occur during the daily operations; and

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## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

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- (iii) our Company has appointed Changjiang Corporate Finance as the compliance adviser, which will provide advice and guidance to our Company in respect of compliance with the applicable laws and the GEM Listing Rules including various requirements relating to directors' duties and internal controls.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders and our Group, and to protect the interests of our Shareholders, in particular, the minority Shareholders.

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## CONNECTED TRANSACTIONS

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### CONNECTED PERSONS

Mr. C.S. Wong is our executive Director and Controlling Shareholder. Under the GEM Listing Rules, he is a connected person of our Company.

### EXEMPTED CONTINUING CONNECTED TRANSACTIONS

We have entered into the following transactions with Mr. C.S. Wong, who is a connected person during the Track Record Period and these transactions will continue following the Listing Date, thereby constituting continuing connected transactions of our Group under the GEM Listing Rules.

#### Background

During the Track Record Period, our Group had been renting our office at Units 10 and 11, 11/F., Trans Asia Centre, 18 Kin Hong Street, Kwai Chung, N.T., Hong Kong (“**Trans Asia Centre Properties**”) from Mr. C.S. Wong. The tenancy agreements with regard to the Trans Asia Centre Properties were entered into by Man Shing Cleaning Service and Jasen Services as the tenant, respectively.

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

	<u>Date</u>	<u>Subject Matter</u>	<u>Landlord(s)</u>	<u>Tenant</u>	<u>Term</u>	<u>Monthly rental</u>
Tenancy agreement A (“ <b>Tenancy Agreement A</b> ”). . . . .	23 October 2014; renewed on 30 May 2016	Unit 10, 11/F., Trans Asia Centre, 18 Kin Hong Street, Kwai Chung, N.T., Hong Kong (“ <b>Property A</b> ”)	Mr. C.S. Wong	Man Shing Cleaning Service	2 years from 1 November 2014 to 30 October 2016; renewed for further 2 years from 1 June 2016 to 31 May 2018	HK\$17,000 (excluding rent, rates and management fees)
Tenancy agreement B (“ <b>Tenancy Agreement B</b> ”). . . . .	29 July 2015; modified by a supplemental agreement made on 1 June 2016	Unit 11, 11/F., Trans Asia Centre, 18 Kin Hong Street, Kwai Chung, N.T., Hong Kong (“ <b>Property B</b> ”)	Mr. C.S. Wong	Jasen Services	2 years from 1 August 2015 to 31 July 2017	HK\$9,100 (excluding rent, rates and management fees)

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## CONNECTED TRANSACTIONS

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### **Tenancy Agreement A**

On 23 October 2014, Mr. C.S. Wong as landlord and Man Shing Cleaning Service as tenant entered into a tenancy agreement pursuant to which Mr. C.S. Wong agreed to lease Property A, with a total gross floor area of approximately 2,145 square feet, to Man Shing Cleaning Service, for a period of two years commencing from 1 November 2014 to 30 October 2016 at a monthly rental of HK\$17,000 (excluding rent, rates and management fees). On 31 May 2016, the tenancy agreement was surrendered and Mr. C.S. Wong as landlord and Man Shing Cleaning Service as tenant entered into a new tenancy agreement pursuant to which Mr. C.S. Wong agreed to lease Property A to Man Shing Cleaning Service for a period of two years commencing from 1 June 2016 to 31 May 2018 at a monthly rental of HK\$17,000 (excluding rent, rates and management fees). Pursuant to the abovementioned tenancy agreements, Man Shing Cleaning Service agreed to pay all rent, rates and management fees in respect of Property A. The monthly rental under the abovementioned tenancy agreements was determined on an arm's length basis between Mr. C.S. Wong and Man Shing Cleaning Service.

### **Tenancy Agreement B**

On 29 July 2015, Mr. C.S. Wong as landlord and Jasen Services as tenant entered into a tenancy agreement pursuant to which Mr. C.S. Wong agreed to lease Property B with a total gross floor area of approximately 1,150 square feet to Jasen Services, for a period of two years commencing from 1 August 2015 to 31 July 2017 at a monthly rental of HK\$8,000 (excluding rent, rates and management fees) and pursuant to a supplemental agreement dated 1 June 2016, the monthly rent was increased to HK\$9,100 effective on 1 August 2015 until 31 July 2017. Pursuant to the abovementioned tenancy agreements, Jasen Services agreed to pay all rent, rates and management fees in respect of Property B. The monthly rental under the abovementioned tenancy agreement was determined on an arm's length basis between Mr. C.S. Wong and Jasen Services. Upon reviewing the valuation report issued by the independent property valuer of the Group, our Directors are of the view that the increase in monthly rental of Property B pursuant to the supplemental agreement is in line with market trends.



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## CONNECTED TRANSACTIONS

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### Historical transaction amounts

The historical transaction amounts in respect of Property A and Property B are set out in the following table:

	For the years ended		For the six
	31 March		months ended
	2015	2016	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property A . . . . .	179.5	204	102
Property B . . . . .	96	104.8	54.6

Our Directors have confirmed that the monthly rentals in respect of Property A and Property B were determined between the parties after arm's length negotiations with reference to the prevailing market price and are in alignment with the market rental rate, and are fair and reasonable. The total amount payable in respect of Property A and Property B for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016 approximately amounted to HK\$279,000, HK\$308,800 and HK\$156,600 respectively. Since, on an aggregate basis, each of the applicable ratios calculated with reference to Rule 19.07 of the GEM Listing Rules is expected to be less than 5% and the aggregate annual consideration is less than HK\$3,000,000, the transactions stipulated by Tenancy Agreement A and Tenancy Agreement B constitute de minimis continuing connected transactions of our Company under Rule 20.74(1)(c) of the GEM Listing Rules. Accordingly, the Transactions will be exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules upon Listing.

### CONFIRMATION FROM OUR DIRECTORS

Our Directors consider that it is in the interests of our Company to continue with these continuing connected transactions after the Listing. They also consider that all the continuing connected transactions as set out above are in the interests of our Company and our Shareholders as a whole. Our Directors are also of the view that all of the continuing connected transactions above have been and will be entered into on normal commercial terms and the annual rentals are fair and reasonable and in the interest of our Company and our Shareholders as a whole. Save as disclosed in this section, our Directors currently do not expect that immediately following the Listing, there will be any transaction which will constitute a continuing connected transaction of our Company under the GEM Listing Rules.

## DIRECTORS AND SENIOR MANAGEMENT

### BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Our Group has a team of seven Directors including four executive Directors and three independent non-executive Directors and a team of four senior management. The following table sets forth certain information in respect of our Directors and senior management:

#### Directors

Name	Age	Position/Title	Date of Appointment as Director	Date of joining our Group	Roles and Responsibilities in our Group
Mr. Wong Chong Shing (黃創成)	52	Executive Director, chairman of the Board and compliance officer	18 March 2016	29 July 1998	Overall strategic planning, corporate policy making, marketing, business development, management and administration of our Group's business. Chairman of our Nomination Committee and Risk Management Committee.
Mr. Wong Man Sing (黃萬成)	54	Executive Director and chief executive officer	18 March 2016	29 July 1998	Overall strategic planning, corporate policy making, marketing, business development, management and administration of our Group's business.
Mr. Wong Chi Ho (黃志豪)	27	Executive Director and deputy chairman of the Board	18 March 2016	19 December 2012	Overall strategic planning, corporate policy making, marketing, business development, management and administration of our Group's business.
Mr. Chan Shing Yi Jacky (陳承義)	49	Executive Director	12 August 2016	12 August 2016	Overall strategic planning, corporate policy making, marketing, business development, management and administration of our Group's business.
Mr. Lee Pak Chung (李伯仲)	75	Independent non-executive Director	12 August 2016	12 August 2016	Providing independent judgment on issues of strategy, policy, performance, resources and standards of conduct of our Group.
Mr. Au-Yeung Tin Wah (歐陽天華)	53	Independent non-executive Director	12 August 2016	12 August 2016	Providing independent judgment on issues of strategy, policy, performance, resources and standards of conduct of our Group.
Mr. Chiu Ka Wai (招家煒)	56	Independent non-executive Director	12 August 2016	12 August 2016	Providing independent judgment on issues of strategy, policy, performance, resources and standards of conduct of our Group.

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## DIRECTORS AND SENIOR MANAGEMENT

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### Senior Management

Name	Age	Position/Title	Date of Appointment as senior management	Date of joining our Group	Roles and Responsibilities in our Group
Mr. Li Kin Hing (李建興)	57	Chief financial officer and company secretary	Appointed as chief financial officer on 5 November 2015 and company secretary on 30 March 2016	5 November 2015	Overseeing our Group's financial planning and management, and corporate governance.
Mr. Chan Ngai Kam (陳毅鑫)	41	Chief operating officer	1 April 2016	16 August 2010	Overseeing our Group's business operations and day-to-day management.
Ms. Chow Pui Ying (周佩英)	38	Administrative and personnel manager	1 April 2016	27 April 2010	Overseeing our Group's daily administration, insurance and human resources matters.
Mr. Wong Chi Ming (黃志明)	52	Transportation and purchasing manager	1 April 2016	1 May 2013	Overseeing the procurement of materials and vehicle fleet management of our Group.

### Executive Directors

**Mr. Wong Chong Shing (黃創成)**, aged 52, was appointed as an executive Director on 18 March 2016. He was also appointed as the chairman of the Board and compliance officer of our Group on 12 August 2016. He is a co-founder of our Group with Mr. M.S. Wong and is responsible for the overall strategic planning, business development and corporate policy making as well as the day-to-day management, marketing and administration of our Group's business operation. Mr. C.S. Wong is the chairman of the Nomination Committee and Risk Management Committee of our Group. Mr. C.S. Wong is the younger brother of Mr. M.S. Wong and the uncle of Mr. C.H. Wong.

Prior to co-founding our Group, Mr. C.S. Wong was employed as a warehouse keeper for Jianhua Logistics Company (健華貿易公司) from 1983 to 1984. He then joined the Hong Kong Police Force in April 1984. Mr. C.S. Wong left his position in the Hong Kong Police Force in 1987 to start up a cleaning business with Mr. M.S. Wong. In July 1998, Mr. C.S. Wong and Mr. M.S. Wong founded Man Shing Cleaning Service. As a result of Mr. C.S. Wong's achievements in the cleaning industry, he was awarded as the permanent honorary chairman (永遠榮譽會長) of the Hong Kong Waste Disposal Industry Association (香港廢物處理業協會) in February 2011.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. C.S. Wong completed secondary school and the Hong Kong Certificate of Education Examination in 1983. Mr. C.S. Wong went on to attend English courses at the British Council and obtained the certificate for completing the Lower Intermediate Level C English Course in February 2002. In furtherance of his cleaning business, he completed the Pest Control and Pesticide Safety Core Course at the University of Hong Kong, School of Professional and Continuing Education and the Restoration of Marble and Granite Course organised by the Hong Kong Marble and Granite Merchants Association (香港雲石商會) on 10 June 2005 and 30 December 2005 respectively.

**Mr. Wong Man Sing (黃萬成)**, aged 54, was appointed as an executive Director on 18 March 2016. He was also appointed as the chief executive officer of our Group on 12 August 2016. He is a co-founder of our Group with Mr. C.S. Wong and is responsible for the overall strategic planning, business development and corporate policy making as well as the day-to-day management, marketing and administration of our Group's business operation. Mr. M.S. Wong is the elder brother of Mr. C.S. Wong and the father of Mr. C.H. Wong.

Mr. M.S. Wong worked as a driver for East Asia (Cleaning Service) Limited (東亞(清潔服務)有限公司) and World Cleaning Company (世界清潔公司) from 1981 to 1983 and 1983 to 1985, respectively. From 1985 onwards, Mr. M.S. Wong began to venture into his own cleaning services business and co-founded Man Shing Cleaning Service with Mr. C.S. Wong in July 1998. Mr. M.S. Wong attended Kwai Hsing College (葵星工業中學) up to Form 3 in 1980 and moved on to become an apprentice at Wing On Shing Shipyard Limited from 1980 to 1981.

**Mr. Wong Chi Ho (黃志豪)**, aged 27, was appointed as an executive Director on 18 March 2016. He was also appointed as the deputy chairman of the Board of our Group on 12 August 2016. Mr. C.H. Wong is responsible for the overall strategic planning, business development and corporate policy making as well as the day-to-day management, marketing and administration of our Group's business operation. Mr. C.H. Wong is the son of Mr. M.S. Wong and the nephew of Mr. C.S. Wong.

Mr. C.H. Wong joined our Group as the managing director of Jasen Services on 19 December 2012 and has been managing the business of Jasen Services since then. As a managing director of Jasen Services, Mr. C.H. Wong has been responsible for its business development, tendering of cleaning contracts, improving its customer service, cost control and purchasing matters as well as overseeing its financial operations. Apart from being a managing director of Jasen Services, Mr. C.H. Wong currently serves as the treasurer of the Hong Kong Waste Disposal Industry Association Limited for the year of 2016-2017.

Mr. C.H. Wong completed his secondary school education at Ju Ching Chu Secondary School in Hong Kong (香港裘錦秋中學) in June 2006. He went on to obtain a high diploma in Business Administration from the School of Business and Information Systems of the Vocational Training Council in July 2010. In July 2013, Mr. C. H. Wong graduated from the Queensland University of Technology in Brisbane, Australia with a Bachelor of Business (Management) degree.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. Chan Shing Yi Jacky (陳承義)**, aged 49, was appointed as an executive Director on 12 August 2016. Mr. Chan is responsible for the overall strategic planning, business development, and corporate policy making as well as the day-to-day management, marketing and administration of our Group's business operation.

Mr. Chan has approximately 25 years of experience in the field of corporate management. Mr. Chan was appointed as Special Advisor to the Consulate General of the Republic of Guine-Bissau in November 1999. He was further appointed as Vice Honorary Consul of the Republic of Benin of Hong Kong in July 2005 and was responsible for the promotion and attraction of investment to the Republic of Benin. Mr. Chan attended Pui Ching Middle School (香港培正中學) up to Form 4 in March 1984 in Hong Kong.

Mr. Chan has held directorship in the following companies:

Company Name	Principal business activities	Place of incorporation	Period of service	Roles and responsibilities
Great City Enterprises Limited (弘城企業有限公司)	Investment and trading	Hong Kong	June 1990 – January 1997	Shareholder/ Director, responsible for the overall policy formulation and the sales and marketing operations
Quality Security Limited (優質護衛有限公司)	Security	Hong Kong	January 1996 – April 1996	Director/General manager, responsible for the overall policy formulation, the sales and marketing operations, the planning and deployment of guard posts and guards and the monitoring of their performance on duty
Nietz Aesthetics International Group Limited (尼彩美學國際集團有限公司) (Formerly known as: Tak Yi Enterprise Limited (德義企業有限公司))	Trading	Hong Kong	April 2008 – present	Shareholder/ Director, responsible for the overall policy formulation and the sales and marketing operations
World Peace Development Union Foundation Limited (世界和平發展聯盟基金會有限公司)	Promotion, Publishing, Investment	Hong Kong	July 2012 – July 2015	Director, responsible for the overall policy formulation and the sales and marketing operations

## DIRECTORS AND SENIOR MANAGEMENT

Company Name	Principal business activities	Place of incorporation	Period of service	Roles and responsibilities
Greencore Hong Kong Limited (竣科香港有限公司)	Trading	Hong Kong	June 2013 – March 2014	Shareholder/ Director, responsible for the overall policy formulation and the sales and marketing operations
Ultimate Acme Investments Limited (至優投資有限公司)	Investment Holding	BVI	December 2014 – present	Shareholder/Director, responsible for the overall policy formulation
Ultimate Acme Holdings Limited (至優控股有限公司)	Investment holding	Hong Kong	December 2014 – present	Director, responsible for the overall policy formulation and the sales and marketing operations
Profit Key Strategy Consultant Limited (柏錡策略顧問有限公司)	Provision of business consultancy services	Hong Kong	March 2015 – present	Shareholder/ Director, responsible for the overall policy formulation and the sales and marketing operations
Perpetual Power Holdings Limited (恒 電控股有限公司)	Development, operation and management of small hydropower plants in the PRC	Cayman Islands	August 2015 – present	Executive director/compliance officer, responsible for business development, overall management and administration

Mr. Chan was a director of P6 Development (Group) Limited (伯樂發展(集團)有限公司), Regent Hope International Limited (匯然國際有限公司) and Power On Holdings Limited (力安集團有限公司), which were Hong Kong companies deregistered under section 291AA of the Companies (WUMP) Ordinance in January 2011, July 2011 and November 2012 respectively. Mr. Chan was also a director of Ultramax Development Limited (萬達美發展有限公司) and Greencore Asia Limited (竣科亞洲有限公司), which were Hong Kong companies deregistered under section 751 of the Companies Ordinance in October 2014 and April 2016 respectively. Each of the above companies was deregistered due to cessation of business.

Mr. Chan confirms that the above companies were solvent at the time they were being dissolved by deregistration. Prior to their respective dissolutions, these companies were investment holding companies that engaged in property investment and/or other business ventures. However, these companies were subsequently dissolved by deregistration as Mr. Chan later decided not to proceed with these investments and/or business ventures.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Chan confirms that (i) there is no wrongful act on his part leading to the dissolutions of the above companies; (ii) he is not aware of any actual or potential claim that was or will be made against him as a result of the dissolutions of the above companies; (iii) his involvement in the above companies was part and parcel of his services as a director of these companies and (iv) no misconduct or misfeasance was committed in relation to the dissolutions of these companies.

Mr. Chan also confirms that, save as disclosed in this prospectus, he has not been a director, supervisor or manager of any enterprise, company or unincorporated business enterprise which has been dissolved or put into liquidation or bankruptcy or been the object of an analogous proceeding, or entered into any form of arrangement or composition with creditors, or had a receiver, trustee or similar officer appointed over it (i) at the time of the occurrence of any such events or (ii) within 12 months immediately prior to the occurrence of any such events.

### **Independent Non-Executive Directors**

**Mr. Lee Pak Chung (李伯仲)**, aged 75, was appointed as an independent non-executive Director on 12 August 2016. Mr. Lee is responsible for providing independent judgment on issues of strategy, policy, performance, resources and standards of conduct of our Group.

Mr. Lee possesses a solid background of 35 years in management. From August 1961 to January 1970, Mr. Lee worked as a postal clerk in the Post Office Department of the HK Government. From January 1970 to March 1973, he worked as a housing assistant in the Housing Division of the Urban Services Department. From April 1973 to September 1996, Mr. Lee worked in the Housing Department with the last position as the senior housing manager. From November 1996, Mr. Lee worked with Guardian Property Management Limited and had been an executive director before he left the company in December 2009. From March 2010 to April 2013, Mr. Lee entered the cleaning services industry and became the general manager of Cheung Kee Environmental Limited.

Mr. Lee became a fellow member of the Institute of Housing, London in September 1987 and a fellow member of the Hong Kong Institute of Housing in November 1989. Mr. Lee has become a member of the Association of Project Managers since June 1992, a member of the Hong Kong Institute of Facility Management since January 2008 and a fellow member of the Hong Kong Institute of Real Estate Administrators since March 2008. In November 2000, Mr. Lee was registered as a professional housing manager of the Housing Managers Registration Board. From October 2006 to October 2008, Mr. Lee was appointed as one of the committee members of the Property Management Industry Training Advisory Committee by the Education and Manpower Bureau of the HK Government and was appointed as Sector/Subject Specialist for a three year period until June 2012 by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications. Mr. Lee obtained the Certificate in Housing Management (now known as the Diploma in Housing Management) from The University of Hong Kong in 1974. Mr. Lee subsequently obtained the Certificate in Project Management as awarded by the Royal Institute of Public Administration International Limited in May 1992.

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## DIRECTORS AND SENIOR MANAGEMENT

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**Mr. Au-Yeung Tin Wah** (歐陽天華), aged 53, was appointed as an independent non-executive Director on 12 August 2016. Mr. Au-Yeung is responsible for providing independent judgment on issues of strategy, policy, performance, resources and standards of conduct of our Group.

Mr. Au-Yeung has over 20 years of experience in auditing, finance and administration. He worked for Price Waterhouse (now known as PricewaterhouseCoopers Hong Kong) from August 1987 to July 1990 and his last position held was senior accountant. From July 1990 to December 1991, he acted as financial manager at Paramount Printing Group Limited (now known as Next Digital Limited), a company listed on the Main Board of the Stock Exchange (stock code: 282). From December 1991 onwards, he worked as financial manager at a major private company in Hong Kong. In 1992, Mr. Au-Yeung began to establish his CPA practice and he is now the director of Lau & Au Yeung C.P.A. Limited. Mr. Au-Yeung obtained a Professional Diploma in Accountancy from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1987. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Society of Registered Financial Planners.

Furthermore, Mr. Au-Yeung has been acting as the independent non-executive director of AMVIG Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2300) since May 2006. Since March 2014, Mr. Au-Yeung has been acting as an independent non-executive director of Wai Chi Holdings Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 1305).

**Mr. Chiu Ka Wai** (招家煒), aged 56, was appointed as an independent non-executive Director on 12 August 2016. Mr. Chiu is responsible for providing independent judgment on issues of strategy, policy, performance, resources and standards of conduct of our Group.

Mr. Chiu has over 23 years of experience in management. He has worked at Collier Petty Chartered Surveyors and was promoted to the position of management officer in April 1986. He then went on to work as estate manager at Pokfulam Development Company Limited (“**Pokfulam Development**”), a company listed on the Main Board of the Stock Exchange (stock code: 225), from June 1986 to September 2009. In June 1989, he was appointed as a director of Pokfulam Property Management Limited, a property management subsidiary of Pokfulam Development, and served in that capacity until September 2009. Mr. Chiu completed secondary education in Hong Kong in 1980 and a Certificate Programme on Estate Management organised by The Hong Kong Management Association in October 1985.

### Director’s Interests

Save as disclosed in this prospectus, each of the Directors confirms with respect to him that: (i) he has not held any directorships in the three years preceding the date of this prospectus in any companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) he does not hold any other position in our Company or any other members of our Group; (iii) save as disclosed in the paragraph headed “1. Disclosure of interests” in the section headed “Further Information about Substantial Shareholders, Directors and Experts” in Appendix IV to this prospectus, he does not have any interests in the Shares within the meaning of Part XV of SFO.



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## DIRECTORS AND SENIOR MANAGEMENT

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Save as disclosed in this prospectus, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there were no other matters with respect to the appointment of our Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed under Rule 17.50(2) of the GEM Listing Rules as at the Latest Practicable Date.

### Senior Management

**Mr. Li Kin Hing (李建興)**, aged 57, was appointed as the chief financial officer and company secretary of our Group on 5 November 2015 and 30 March 2016 respectively. He is responsible for overseeing our Group's financial planning and management, and corporate governance.

Mr. Li possesses over 25 years of experience in the field of accounting, financial management and internal control. Before joining our Group, he worked at Milford International Limited in April 1988 as an accountant and was promoted in April 1990 to become the director of Milford Trading Limited, which was the principal Hong Kong trading company of Milford International Limited. He then worked at Mirage Textile (Holdings) Co., Ltd. as group financial controller from August 1993 to February 1995 and Chong Ngai Industrial Limited as financial controller from March 1995 to February 1998. From February 1998 to July 2000, he acted as the director of Pacific Rainbow International Travel Products Limited. In July 2000, Mr. Li started his own business in Hong Kong and incorporated Rainbow Sky Enterprises Limited ("**Rainbow Sky**"). Mr. Li was a shareholder and a director of Rainbow Sky. Rainbow Sky was licenced to sell products in most of the airports of European Union countries since September 2000. However, due to the outbreak of severe acute respiratory syndrome (SARS) in 2003, travellers in most of the airports of European Union countries dropped substantially. As a result, the business of Rainbow Sky declined drastically and it became insolvent due to its inability to repay debts. On 28 December 2006, an extraordinary general meeting of Rainbow Sky was held whereby special resolutions were passed to wind up the company voluntarily; and professional accountants were appointed as liquidators of the company. At the creditors' meeting, the creditors resolved to commence the creditors' voluntary winding up procedures to protect all the creditors' interests. Rainbow Sky was dissolved in March 2009 by way of creditors' voluntary winding up and winding up procedures were completed in December 2009. The dissolution of Rainbow Sky does not reflect negatively on the financial management competency of Mr. Li as such dissolution was caused by economic downturn rather than the managerial incompetence of Mr. Li as the director of Rainbow Sky. Further, Mr. Li confirmed that no misconduct or misfeasance was committed in his capacity as the director of Rainbow Sky in relation to its dissolution. From June 2007 to January 2013, Mr. Li worked as financial controller in Sun Shine Toys Limited. From June 2013 to November 2014, he worked as financial controller in The Hong Kong Institute for Promotion of Chinese Culture Limited.

Mr. Li obtained a certificate in accountancy from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) in November 1982. He has been a member and fellow member of the Hong Kong Institute of Certified Public Accountants since 1999 and 2016 respectively. He has also been an associate and fellow member of the Association of International Accountants since 1998 and 2005 respectively.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Li confirms that (i) there is no wrongful act on his part leading to the dissolution of Rainbow Sky; (ii) he is not aware of any actual or potential claim that has been or will be made against him as a result of the dissolution of Rainbow Sky; (iii) his involvement in Rainbow Sky was part and parcel of his service as a director and shareholder of Rainbow Sky; and (iv) he has not been involved in any misconduct or misfeasance in the dissolution of Rainbow Sky.

Mr. Li has not held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this prospectus.

**Mr. Chan Ngai Kam (陳毅鑫)**, aged 41, joined our Group on 16 August 2010 as quality manager and was promoted to operation manager on 1 April 2012. Mr. Chan was appointed as the chief operating officer of our Group on 1 April 2016. He is responsible for overseeing our Group's business operations and day-to-day management.

From June 1994 to October 1994, Mr. Chan worked as a technician trainee at JLW Management Services Ltd.. From November 1994 to October 1997, Mr. Chan worked as a technician trainee at Broadview Property Services Limited. Mr. Chan worked at Centurion Services Limited as foreman from December 1997 to July 2000 and became supervisor in January 2001. He left the company in June 2010 and his last position held was contract manager. From June 2006 to March 2007, Mr. Chan worked as a senior supervisor at Broad Capital Limited.

Mr. Chan attended various training courses on operational work and work safety throughout his career. For instance, he completed the training course on the Legal Requirements of Working at Height at the Industrial Safety Training Centre of the Labour Department on 27 February 1995, the Basic Course in Principle of Generator Set at the Hong Kong & Kowloon Electrical Engineering & Appliances Trade Workers Union on 4 October 1997, the training courses on Safe Use of Mobile Aluminum Towers and Safety for Cleansing Work (Managers and Supervisors) at the Occupational Safety & Health Council on 13 June 2002 and 15 August 2012, respectively. Mr. Chan was awarded the Craft Certificate for Electricians by the Hong Kong Institute of Vocational Education on 14 September 1999. He was also awarded the Certification of Gondola (SWP) Operator by the Working Committee on Certification of Gondola Operator of ECMA (環保工程商會吊船操作證書委員會) on 16 July 1998 and the Certificate of Competence in Manual Handling (體力處理操作合格證書) by the Occupational Safety & Health Council on 12 June 2014.

Mr. Chan has not held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this prospectus.

**Ms. Chow Pui Ying (周佩英)**, aged 38, joined our Group as administrator officer on 27 April 2010 and was appointed as the administrative and personnel manager of our Group on 1 April 2016. She is responsible for overseeing our Group's daily administration, insurance and human resources matters.

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## DIRECTORS AND SENIOR MANAGEMENT

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Before joining our Group, Ms. Chow worked at McDonald's Restaurants (Hong Kong) Limited ("McDonald's") from July 1997 to October 2009. She first joined the company as a manager trainee and was promoted to become the second assistant manager after 5 months in December 1997 and the first assistant manager in September 2006. While working at McDonald's, Ms. Chow received extensive training on management. For example, she completed the Basic Management Course on 25 June 1998, the Profit and Loss Management Workshop on 18 February 2005, the Advanced Shift Management Course on 16 September 2005 and the Effective Management Practice Course on 14 November 2008. Ms. Chow also obtained a certificate of completion of a Hygiene Supervisor Training Course and the Basic Food Hygiene Certificate for Hygiene Managers from the Hong Kong Productivity Council on 1 August 2003 and 26 August 2005 respectively. Ms. Chow completed secondary school at Saint Too Girls' College in 1996 and obtained a Foundation Certificate in Food Hygiene from the Chartered Institute of Environmental Health on 11 August 2005.

Ms. Chow has not held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this prospectus.

**Mr. Wong Chi Ming (黃志明)**, aged 52, was appointed as the transportation and purchasing manager of our Group on 1 April 2016 and is responsible for overseeing the procurement of materials and vehicle fleet management of our Group. He started serving as the senior manager of Jasen Services and Man Shing Cleaning Service on 1 May 2013.

Mr. Wong worked at Pollution & Protection Services Limited from July 1995 to February 2006 and his last position held was deputy operations manager. After that, he joined Cheung Kee Environmental Limited as deputy general manager from February 2006 to April 2013. Mr. Wong had received substantial training on operational work, work safety and management. He completed the Cleansing Industry Supervisor/Foreman Course organised by the Island Cleaning Services Association Limited on 23 March 2000, the Certificate Course on Labour Relations at the Labour Department on 22 June 2001, the training course for erecting and using hi-way scaffolds at the Associated Engineers, Limited on 13 September 2001, the training courses on the Safe Use of Mobile Aluminum Towers, Basic Safety Management, the Safety in Environmental Hygiene, Basic Accident Prevention, Basic Occupational Health at the Occupational Safety & Health Council on 6 December 2001, 10 September 2010, 21 September 2010, 15 December 2010, 16 December 2010 respectively, the Pest Control Industry Supervisor/Foreman Course at the Hong Kong Cleaning Association (香港清潔商會) on 22 January 2005 and the Height Safety Training Course at Techflex International Limited on 14 October 2005. Mr. Wong was awarded the Certificate of Competence in Manual Handling and the Combined Certificate for Safety & Health Supervisor (Environmental Hygiene) by the Occupational Safety & Health Council on 20 April 2001 and 28 December 2010 respectively. He was appointed as the Fire Safety Ambassador by the Fire Services Department on 13 May 2004.

Mr. Wong graduated from CMA Prevocational School in 1979 and was trained in metalwork, practical electricity and fabrication. He subsequently received technical education on motor vehicle mechanics at Lee Wai Lee Technical Institute from 1979 to 1982 and received a certificate of completion of apprenticeship as a vehicle mechanic at Dah Chong Hong (Motor Service Centre) Limited on 3 February 1983.

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## DIRECTORS AND SENIOR MANAGEMENT

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Mr. Wong has not held any directorship in any public companies the securities of which are listed on any securities market in Hong Kong or overseas during the three years immediately preceding the date of this prospectus.

### COMPANY SECRETARY

**Mr. Li Kin Hing (李建興)**, aged 56, the chief financial officer, was appointed as company secretary of our Company on 30 March 2016.

For details on Mr. Li Kin Hing's background, please refer to the description of him as our Group's chief financial officer in the sub-section headed "Senior Management" under this section.

### COMPLIANCE OFFICER

Mr. C.S. Wong, an executive Director and the chairman of the Board of our Group, is also the compliance officer of our Group, whose biographical details are set out in the sub-section headed "Executive Directors" above in this section.

### BOARD COMMITTEES

#### Audit Committee

Our Company has established an audit committee on 20 March 2017 by a resolution passed on 20 March 2017 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process (including to understand the accounting policies and practices applied by our Group, to enquire with management and external auditor regarding significant audit adjustments and unusual transactions, to discuss with the Board the material items in the financial statements, to request additional information regarding the accounts, and to ensure compliance with the GEM Listing Rules and legal requirements in relation to financial reporting), to review the financial information of our Group, to oversee our Group's financial controls, internal control procedures and management systems, and to review any material queries raised by the external auditor as to the management about accounting records, financial accounts or systems of control and management's response. The audit committee comprises three independent non-executive Directors, namely Mr. Au-Yeung Tin Wah, Mr. Lee Pak Chung and Mr. Chiu Ka Wai. Mr. Au-Yeung Tin Wah currently serves as the chairman of the audit committee.

#### Remuneration Committee

Our Company has established a remuneration committee on 20 March 2017 by a resolution passed on 20 March 2017 with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and paragraph B.1.2 of the Corporate Governance Code

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## DIRECTORS AND SENIOR MANAGEMENT

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and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary function of the remuneration committee is, among other things, to make recommendations to our Board on our Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, to make recommendations to the Board on the remuneration of directors and senior management of our Group. The remuneration committee comprises Mr. M.S. Wong, executive Director, Mr. Chiu Ka Wai and Mr. Lee Pak Chung, both independent non-executive Directors. Mr. Chiu Ka Wai is the chairman of the remuneration committee.

### **Nomination Committee**

Our Group has established a nomination committee on 20 March 2017 by a resolution passed on 20 March 2017 with written terms of reference in compliance with paragraph A.5.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The nomination committee is mainly responsible for, among other things, reviewing the structure, size and composition of our Board at least annually and making recommendations on any proposed changes to our Board to complement our Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorships, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors. The nomination committee comprises Mr. C.S. Wong, executive Director, Mr. Lee Pak Chung and Mr. Chiu Ka Wai, both independent non-executive Directors. Mr. C.S. Wong currently serves as the chairman of the nomination committee.

### **Risk Management Committee**

Our Group has established a risk management committee on 20 March 2017 by a resolution passed on 20 March 2017 with written terms of reference in compliance with paragraph C.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The risk management committee is mainly responsible for, among other things, evaluating and determining the nature and extent of the risks that our Group is willing to take in achieving its strategic objectives, ensuring that our Group establishes and maintains appropriate and effective risk management systems, overseeing management in the design, implementation and monitoring of the risk management systems and ensuring that a review of the effectiveness of our Group's risk management systems has been conducted at least annually. The risk management committee comprises Mr. C.S. Wong, executive Director, Mr. Lee Pak Chung and Mr. Au-Yeung Tin Wah, both independent non-executive Directors. Mr. C.S. Wong currently serves as the chairman of the risk management committee.

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## DIRECTORS AND SENIOR MANAGEMENT

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### COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

For the Track Record Period, the total remuneration (including fees, salaries, discretionary bonus, housing and other allowances, and other benefits in kind) paid by us to our Directors amounted to approximately HK\$2,542,000, HK\$1,732,000 and HK\$1,197,000 respectively. Details of the Directors' remuneration are set out in note 12 to the financial information set out in the Accountants' Report in Appendix I to this prospectus.

Under the current arrangement, the estimated aggregate amount of our Directors' fees and other emoluments for the year ending 31 March 2017 is approximately HK\$2.3 million.

The aggregate amount of remuneration (including fees, salaries, discretionary bonus, housing and other allowances, and other benefits in kind) paid by our Company to the five highest paid individuals of our Group, excluding two Directors who constitute two of the five highest paid individuals of our Group, for the financial years ended 31 March 2015 and 2016 and the six months ended 30 September 2016 were approximately HK\$1,579,000, HK\$1,588,000 and HK\$914,000, respectively.

During the Track Record Period, we did not pay to any of our Directors or the five highest paid individuals any remuneration as an inducement for joining our Group or as a compensation for loss of office and none of the Directors has waived or agreed to waive the respective remuneration.

### REMUNERATION POLICY

We base our remuneration policy on the position, duties and performance of our employees. The remuneration of our employees may include salary, overtime allowance, bonus and various subsidies. We conduct performance appraisal under the supervision of Mr. M.S. Wong and Mr. C.S. Wong, our executive Directors, on an annual basis.

The overall remuneration structure and policy of our Group is expected to remain the same upon Listing, except that the remuneration committee will perform such duties as stated under the paragraph headed "Board Committees – Remuneration Committee" in this section.

### SHARE OPTION SCHEME

Our Group has conditionally adopted the Share Option Scheme and the principal terms of the Share Option Scheme are summarised under the paragraph headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to this prospectus.

### BENEFITS

In compliance with all the MPF scheme related legal obligations under the Mandatory Provident Fund Schemes Ordinance, we have participated in MPF schemes operated by approved MPF service providers, enrolled all qualifying employees in the MPF scheme and made MPF contributions for them.

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## DIRECTORS AND SENIOR MANAGEMENT

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### COMPLIANCE ADVISER

We have appointed Changjiang Corporate Finance as our compliance adviser in accordance with Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, we will consult with and, if necessary, seek advice from the compliance adviser in the following circumstances:

- (i) before the publication of any regulatory announcement, circular or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and/or share buy-backs;
- (iii) where we propose to use the proceeds from the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry with us concerning unusual movements in the price or trading volume of our Shares under Rule 17.11 of the GEM Listing Rules and/or any other matters.

The term of the appointment shall commence on the Listing Date and end on the date on which our Group complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

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## SHARE CAPITAL

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### SHARE CAPITAL

The authorised and issued share capital of our Company immediately following the Capitalisation Issue and the Share Offer will be as follows:

*Authorised share capital:*

		<i>HK\$</i>
<u>10,000,000,000</u>	Shares of HK\$0.01 each	<u>100,000,000</u>

Assuming the Offer Size Adjustment Option is not exercised, the issued share capital of our Company immediately following the Capitalisation Issue and the Share Offer will be as follows:

*Shares in issue or to be issued, fully paid or credited as fully paid*

		<i>HK\$</i>
38,000,000	Shares in issue as at the date of this prospectus	380,000
412,000,000	Shares to be issued under the Capitalisation Issue	4,120,000
<u>150,000,000</u>	Shares to be issued under the Share Offer	<u>1,500,000</u>
<u>600,000,000</u>	Shares in total	<u>6,000,000</u>

Assuming the Offer Size Adjustment Option is exercised in full, the issued share capital of our Company immediately following the Capitalisation Issue and the Share Offer will be as follows:

*Shares in issue or to be issued, fully paid or credited as fully paid*

		<i>HK\$</i>
38,000,000	Shares in issue as at the date of this prospectus	380,000
412,000,000	Shares to be issued under the Capitalisation Issue	4,120,000
22,500,000	Shares to be issued under the Offer Size Adjustment Option	225,000
<u>150,000,000</u>	Shares to be issued under the Share Offer	<u>1,500,000</u>
<u>622,500,000</u>	Shares in total	<u>6,225,000</u>



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## SHARE CAPITAL

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### ASSUMPTIONS

The table as shown above assumes the Share Offer becoming unconditional, and the allotment and issue of Shares pursuant thereto and under the Capitalisation Issue is made as described herein. It does not take into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or of any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company pursuant to the general mandate given to our Directors to allot and issue or repurchase Shares referred to in the subsection headed “– General mandate to Issue Shares” or the section headed “– General Mandate to Repurchase Shares” in this section of this prospectus, as the case may be.

### CAPITALISATION ISSUE

Pursuant to the written resolutions of the Shareholders passed on 20 March 2017, conditional upon the share premium account of our Company being credited as a result of the Share Offer, the Directors were authorised to capitalise the sum of HK\$4,120,000 from the amount standing to the credit of the share premium account of our Company and to apply such amount as to pay up in full at par 412,000,000 Shares for allotment and issue to the persons whose names appeared on the register of members of our Company at the close of business on the Business Day immediately preceding the Listing Date, in proportion (or as nearly as possible without involving fractions) to their respective shareholdings in our Company. The Shares to be allotted and issued under the resolution approving the Capitalisation Issue shall rank pari passu in all respects with the existing issued Shares. For further details, please see the section “Statutory and General Information – A. Further Information about Our Company – 3. Written resolutions of our Shareholders passed on 20 March 2017” in Appendix IV to this prospectus.

### RANKING

The Offer Shares will rank pari passu in all respects with all Shares in issue or to be issued as mentioned herein, and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus, save for entitlements under the Capitalisation Issue.

### MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company will maintain the minimum prescribed percentage of 25% of our issued share capital in the hands of the public (as defined in the GEM Listing Rules).

### SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this prospectus.

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## SHARE CAPITAL

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### GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the section headed “Structure and Conditions of the Share Offer – Conditions of the Share Offer” in this prospectus below being fulfilled, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by the Shareholders) shall not exceed the sum of:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue as enlarged by the Capitalisation Issue and the Share Offer (but excluding any Share which may be issued pursuant to the exercise of the Offer Size Adjustment Option); and
- (b) the aggregate nominal value of the share capital of our Company which may be repurchased by our Company pursuant to the authority granted to our Directors under the general mandate to repurchase Shares as referred to in the paragraph headed “– General Mandate to Repurchase Shares” below.

In addition to the Shares which may be issued under the general mandate to issue Shares as mentioned above, the Directors may allot, issue and deal in the Shares pursuant to a rights issue, an issue of Shares pursuant to the exercise of subscription rights attaching to any warrant or convertible securities of our Company, scrip dividend or similar arrangements or the exercise of any options which may be granted under the Share Option Scheme. The aggregate nominal value of the Shares which the Directors are authorised to allot and issue under the issuing mandate will not be reduced by the allotment and issue of such Shares.

This general mandate to issue Shares will remain in effect until:

- (a) the conclusion of our Company’s next annual general meeting; or
- (b) the expiration of the period within which our Company’s next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or
- (c) it is varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to the section headed “Statutory and General Information – A. Further Information about Our Company – 3. Written resolutions of our Shareholders passed on 20 March 2017” in Appendix IV to this prospectus.

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## SHARE CAPITAL

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### GENERAL MANDATE TO REPURCHASE SHARES

Conditional on conditions as stated in the section headed “Structure and Conditions of the Share Offer – Conditions of the Share Offer” being fulfilled, our Directors have been granted a general unconditional mandate to exercise all the powers to repurchase Shares (Shares which may be listed on the Stock Exchange or on any other stock exchange which is recognised by the SFC and the Stock Exchange for this purpose) with an aggregate nominal value of not more than 10% of the aggregate nominal amount of our Company’s share capital in issue as enlarged by the Capitalisation Issue and the Share Offer (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option).

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in connection with all applicable laws and regulations and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the paragraphs in the section headed “Statutory and General Information – A. Further Information about Our Company – 6. Repurchase of our Shares by our Company” in Appendix IV to this prospectus.

The general mandate to repurchase Shares will remain in effect until:

- (i) the conclusion of our Company’s next annual general meeting;
- (ii) the expiration of the period within which our Company’s next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or
- (iii) it is varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

For further details of this general mandate, please refer to the sections headed “Statutory and General Information – A. Further Information about Our Company – 3. Written resolutions of our Shareholders passed on 20 March 2017” and “Statutory and General Information – A. Further Information about Our Company – 6. Repurchase of our Shares by our Company” in Appendix IV to this prospectus.

### CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of Shares, namely ordinary shares, each of which ranks pari passu with the other Shares.

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## SHARE CAPITAL

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Pursuant to the Companies Law and the Memorandum of Association and the Articles of Association, our Company may from time to time by ordinary shareholders' resolution (i) increase its authorised share capital; (ii) consolidate and divide its share capital into Shares of larger amount; (iii) subdivide its Shares into Shares of smaller amounts; and (iv) cancel any Shares which at the date of the passing of the resolution have not been taken. In addition, our Company may, subject to sanction by the courts in the Cayman Islands, reduce its share capital by shareholders' special resolution. For more details, please see Appendix III to this prospectus.

Pursuant to the Companies Law and the terms of the Memorandum of Association and the Articles of Association, all or any of the special rights attached to the Share or any class of Shares (unless otherwise provided for in the terms of issue of the Shares of that class) may be varied or modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the Shares of that class. For more details, please see Appendix III to this prospectus.

## SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or of any options which may be granted under the Share Option Scheme), the following persons will have beneficial interests or short positions in any Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholders	Capacity/Nature	Number and class of Shares <i>(Note 1)</i>	Percentage of interest
Man Shing Global <i>(Note 2)</i>	Beneficial Owner	175,500,000 (L)	29.25%
Mr. C.S. Wong <i>(Note 2, 6)</i>	Interest in a controlled corporation; Interest in persons acting in concert	369,000,000 (L)	61.5%
Ms. Tang Duc Ngan <i>(Note 2)</i>	Interest of spouse	369,000,000 (L)	61.5%
Lik Hang Investment <i>(Note 3)</i>	Beneficial Owner	175,500,000 (L)	29.25%
Mr. M.S. Wong <i>(Note 3, 6)</i>	Interest in a controlled corporation; Interest in persons acting in concert	369,000,000 (L)	61.5%
Ms. Wong Lai Man <i>(Note 3)</i>	Interest of spouse	369,000,000 (L)	61.5%
Chun Shing Investment <i>(Note 4)</i>	Beneficial Owner	18,000,000 (L)	3%
Mr. C.H. Wong <i>(Note 4, 6)</i>	Interest in persons acting in concert	369,000,000 (L)	61.5%
Ms. Wan Wing Ting <i>(Note 4)</i>	Interest of spouse	369,000,000 (L)	61.5%
Pro-Integration <i>(Note 5)</i>	Beneficial Owner	81,000,000 (L)	13.5%
Mr. Chan <i>(Note 5)</i>	Interest in a controlled corporation	81,000,000 (L)	13.5%
Ms. Wong Wai Sze Sony <i>(Note 5)</i>	Interest of spouse	81,000,000 (L)	13.5%

*Notes:*

- The letter "L" denotes the person's long position in such Shares.

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## SUBSTANTIAL SHAREHOLDERS

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2. Man Shing Global is a company wholly owned by Mr. C.S. Wong, our executive Director. Accordingly, Mr. C.S. Wong is deemed to be interested in all Shares in which Man Shing Global is interested for the purpose of the SFO. Ms. Tang Duc Ngan, who is the spouse of Mr. C.S. Wong, is deemed to be interested in all Shares in which Mr. C.S. Wong is interested.
3. Lik Hang Investment is a company wholly owned by Mr. M.S. Wong, our executive Director. Accordingly, Mr. M.S. Wong is deemed to be interested in all Shares in which Lik Hang Investment is interested for the purpose of the SFO. Ms. Wong Lai Man, who is the spouse of Mr. M.S. Wong, is deemed to be interested in all Shares in which Mr. M.S. Wong is interested.
4. Chun Shing Investment is a company wholly owned by Mr. C.H. Wong, our executive Director, and holds 18,000,000 Shares in our Company. Accordingly, Mr. C.H. Wong is deemed to be interested in all Shares in which Chun Shing Investment is interested for the purpose of the SFO. Ms. Wan Wing Ting, who is the spouse of Mr. C.H. Wong, is deemed to be interested in all Shares in which Mr. C.H. Wong is interested.
5. Pro-Integration is a company wholly owned by Mr. Chan. Accordingly, Mr. Chan is deemed to be interested in all Shares in which Pro-Integration is interested for the purpose of the SFO. Ms. Wong Wai Sze Sony, who is the spouse of Mr. Chan, is deemed to be interested in all Shares in which Mr. Chan is interested.
6. On 30 March 2016, a deed of acting in concert was entered into between Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong in which it was confirmed that in respect of Man Shing Cleaning Service, Man Shing Environmental and Jasen Services (collectively, the “**Relevant Companies**”) during the Track Record Period and thereafter from the date of the deed, the Parties have been acting in concert (as defined under the Takeovers Code) to jointly reach a consensus in relation to all matters in respect of the management and business operations of each of the Relevant Companies including but not limited to voting unanimously in respect of matters that require shareholders’ or directors’ approval and the execution of documents for the purpose of furthering and expanding the business operations of the Relevant Companies. By virtue of the SFO, Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong are deemed to be interested in our Shares which are interested by each other.

Save as disclosed above, our Directors are not aware of any other person who will, immediately following the completion of the Share Offer and the Capitalisation Issue (without taking into account the Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option or of any options which may be granted under the Share Option Scheme), have beneficial interests or short positions in any Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying voting rights at general meetings of our Company and will be able, in a practical matter, to direct or influence the management of our Company.

## SIGNIFICANT SHAREHOLDERS

So far as our Directors are aware, save for those persons disclosed under the paragraphs headed “Substantial Shareholders” in this section and the paragraphs headed “C. Further Information about Substantial Shareholders, Directors and Experts – 1. Disclosure of Interests” in Appendix IV to this prospectus, no persons individually and/or collectively will, immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or of any options that may be granted under the Share Option Scheme), be directly or indirectly interested in 5% or more of the voting power at the general meeting of our Company and are therefore regarded as significant Shareholders under the GEM Listing Rules.

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## FINANCIAL INFORMATION

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*The following discussion and analysis should be read in conjunction with our audited financial information included in “Appendix I - Accountants’ Report” in this prospectus, together with the accompanying notes. The financial information has been prepared in accordance with HKFRS.*

*The following discussion and analysis and other parts of this prospectus contain forward-looking statements that reflect our current view with respect to future events and our financial performance that involve risks, uncertainties and changes in circumstances. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depend on a number of risks and uncertainties over which we do not have control. See “Forward-looking Statements” and “Risk Factors” in this prospectus.*

### MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

#### *Overview*

We are a provider of environmental cleaning solutions in Hong Kong. We ranked tenth in the environmental cleaning services industry in Hong Kong with a market share of 3.2% in terms of revenue for the twelve months ended 31 December 2015, according to the F&S Report. With more than 29 years of experience in the industry, we have steadily grown our business since our inception in 1987 to offer a wide range of services and extended the coverage of our operations to all 18 districts throughout Hong Kong.

Our comprehensive portfolio of environmental cleaning solutions, comprising our cleaning solutions and other value-added cleaning services, can be divided into four principal service categories, namely: (i) street cleaning solutions; (ii) building cleaning solutions; (iii) bus and ferry cleaning solutions; and (iv) other cleaning services. Our broad service offerings are supported by our sizeable resources, including a strong labour force and our own fleet of specialised vehicles. We believe that our diverse portfolio of services and our proprietary resources have provided us with a competitive advantage in terms of pricing and securing contracts for medium- to large-scale projects.

We achieved steady growth in revenue during the Track Record Period. Our total revenue increased by HK\$30.7 million from HK\$316.3 million for the year ended 31 March 2015 to HK\$347.0 million for the year ended 31 March 2016. Our total revenue increased by HK\$47.8 million from HK\$160.6 million for the six months ended 30 September 2015 to HK\$208.4 million for the six months ended 30 September 2016. Our net profit decreased by HK\$1.8 million from HK\$14.4 million for the year ended 31 March 2015 to HK\$12.5 million for the year ended 31 March 2016. Our net profit increased by HK\$0.2 million from HK\$5.9 million for the six months ended 30 September 2015 to HK\$6.1 million for the six months ended 30 September 2016.

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## FINANCIAL INFORMATION

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### *Recent Developments*

Subsequent to the Track Record Period and up to the Latest Practicable Date, we arranged for additional workers and vehicles to cater for the extension of service period for ten existing contracts with Customer A. These additional services required would result in an aggregate increase in contract value of approximately HK\$4.8 million.

Furthermore, we had secured a new contract by quotation to provide building cleaning solutions under a one-year service contract with Customer D in October 2016. The total contract value amounted to approximately HK\$0.6 million. In December 2016, we were also awarded a new tender contract by the HK Government department responsible for managing prisons and prisoners for our building cleaning solutions. The new contract is for a service period of three years, with an aggregate contract value of approximately HK\$3.7 million.

As at 31 January 2017, the latest practicable date for determining our indebtedness, we had outstanding bank borrowings of approximately HK\$34.8 million, which were secured by our trade receivables of approximately HK\$35.8 million. Such outstanding bank borrowings may have a negative impact on our financial or trading position since 30 September 2016, being the date on which our latest audited consolidated financial statements were prepared, and since 31 January 2017, being the latest practicable date for determining our indebtedness. See “Risk Factors – Risks Relating to Our Business – We may incur substantial indebtedness in the future, which may adversely affect our financial health” on page 44 of this prospectus.

On 7 November 2016, we declared special dividends in the amount of HK\$13.0 million to our existing Shareholders. HK\$8.0 million of the special dividends was paid on 15 December 2016, and the remaining HK\$5.0 million was paid on 25 January 2017. Part of the paid dividend, amounting to approximately HK\$3.1 million, has been used to settle an amount due from a Shareholder of approximately HK\$7.1 million as at 30 September 2016 to our Group. The amount due from a Shareholder of approximately HK\$7.1 million has been fully settled on 29 December 2016.

Save as disclosed above, our Directors confirm that there have not been any material adverse changes in our financial or trading position or prospects since 30 September 2016, being the date of our latest audited consolidated financial statements, and up to the date of this prospectus.

### *Basis of Presentation*

Our Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands and became the holding company of the companies now comprising our Group pursuant to the Reorganisation completed on 30 March 2016. See “History, Reorganisation and Corporate Structure” for details of the Reorganisation. Our financial information includes the financial statements of our Company and its subsidiaries as if the current group structure had been in existence throughout the Track Record Period. We have prepared our financial information in accordance with HKFRS issued by the HKICPA. The financial information has been independently audited in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

Our financial information is presented in Hong Kong dollars.



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## FINANCIAL INFORMATION

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### *Factors Affecting Our Results of Operations and Financial Condition*

Our results of operations and financial condition have been and will continue to be affected by a number of factors. Our financial statements may not be indicative of our future earnings, cash flows or financial position for numerous reasons, including those set out below:

#### **Industry competition**

According to the F&S Report, the environmental cleaning services industry is highly fragmented, with a total of 1,140 environmental cleaning services providers in Hong Kong in 2015. We face competition in respect of pricing, service quality, brand recognition and reputation. Some of our competitors may have greater capital resources, stronger market positions, better track records, and larger as well as more established customer bases than we do. In addition, some of our competitors may offer similar services, or a broader range of ancillary services, at more competitive prices. There is no assurance that we will be able to compete successfully against our competitors in the future. Industry competition may affect the demand for our services.

During the Track Record Period, we derived a significant portion of our revenue from our five largest customers. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, revenue from our five largest customers accounted for 75.7%, 80.2% and 83.1% of our total revenue, respectively, and revenue from our largest customer accounted for 52.0%, 59.0% and 64.8% of our total revenue, respectively. We can give no guarantee that our five largest customers will continue to engage us upon the expiration of our existing contracts with them. Moreover, we may be required to lower our service fees or offer better terms to customers in order to compete effectively, and any failure to reduce our costs accordingly may place downward pressure on our profit margins.

#### **Tender success rate**

We derived most of our revenue from tender contracts during the Track Record Period. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, revenue generated from our tender contracts accounted for 90.7%, 92.7% and 93.2% of our total revenue, respectively. Our tender success rates were 9.4%, 15.4% and 13.2% for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, respectively. We may not be successful in tendering for the same customer's projects when the relevant tender contract expires or for the projects of any new customers. As such, our financial performance, expansion plans and profitability depend on our continued ability to achieve successful tenders.

#### **Government spending on environmental cleaning services**

Our major customers during the Track Record Period were primarily government sector customers. Revenue generated from contracts with government sector customers in the aggregate accounted for a significant portion of our total revenue during the Track Record Period. Revenue generated from contracts with our government sector customers accounted for

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## FINANCIAL INFORMATION

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63.7%, 67.7% and 72.8% of our total revenue for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, respectively. We expect that a substantial percentage of our revenue will continue to be generated from contracts with government sector customers. As such, any delay, decrease or suspension in government spending on environmental cleaning services, or failure on our part to diversify the composition of our customer base to include more private sector customers, may have a material and adverse impact on our business.

### **Labour costs**

As an environmental cleaning solutions provider, our business operations are labour intensive. The need to strengthen our labour force is accentuated by the five new tender contracts for street cleaning solutions, refuse collection and waste disposal services with Customer A. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, our direct labour costs amounted to HK\$230.4 million, HK\$262.3 million and HK\$156.1 million, respectively, accounting for 83.1%, 84.9% and 83.9% of our total cost of sales, respectively. We expect our direct labour costs to continue to represent a significant percentage of our total cost of sales.

We operate our business in Hong Kong, and all of our employees are employed in Hong Kong. As such, we are subject to the Minimum Wage Ordinance, which increased the statutory minimum wage from HK\$30.0 per hour to HK\$32.5 per hour with effect from 1 May 2015. An increase in the statutory minimum wage would increase our direct labour costs, which may adversely affect our financial performance.

### **Capital expenditure**

We utilise cleaning machinery and equipment, as well as specialised vehicles for our business operations. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, we incurred capital expenditure of HK\$4.7 million, HK\$7.0 million and HK\$7.3 million for the purchase of office equipment, cleaning machinery and equipment, as well as specialised vehicles, respectively. As part of our growth strategy, we plan to expand our fleet of specialised vehicles and acquire additional cleaning machinery and equipment, and such purchases may affect our cash flow and increase our operational costs, which may also adversely affect our results of operation.

### ***Critical Accounting Policies, Judgments and Estimates***

Our principal accounting policies and estimates are set forth in note 3 to the Accountants' Report attached as Appendix I to this prospectus.

The preparation of the financial information in conformity with the HKFRS requires our management to make significant and subjective estimates, assumptions and judgments based on our own historical experience, knowledge and assessment of our business conditions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period during the Track Record Period. Actual results may differ from such estimates, assumptions and judgments and could result in material adjustment to the carrying amounts of our assets and liabilities in the future.

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## FINANCIAL INFORMATION

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We set out below the critical accounting policies and accounting estimates that we believe are the most critical to our financial information and that involve the most significant estimates and judgments.

### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discount.

We recognised revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for activities as described below.

Service income are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

For services that are provided on ad-hoc basis, service income is recognised upon completion of the provision of such ad-hoc services.

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### **Estimated impairment loss of trade receivables**

When there is objective evidence of impairment loss of trade receivables, our Group takes into consideration the estimation of future cash flows of respective trade receivables. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

### **Plant and equipment**

Depreciation of plant and equipment is recognised so as to write off the cost of items of plant and equipment, less their residual values over their estimated useful lives, using the straight-line method.

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

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## FINANCIAL INFORMATION

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### **Provision for long service payments**

The present value of long service payments and the movement of the provisions are determined by actuarial valuations, which involves making various assumptions that may differ from actual developments in the future. All assumptions are reviewed at the end of each reporting period.

We make provisions for lump sum payments on cessation of employment in certain circumstances to employees. The payments due are dependent on future events, and recent payment experience may not be indicative of future payments. Any increase or decrease in the provision would affect profit or loss in future years.

### **Useful lives and impairment assessment of plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimated useful lives reflect the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment, based on factors that include internal evaluation as well as technological changes and environmental regulations. The Group's replacement policy for plant and equipment is mainly based on repairs and useful lives duration of assets. The estimation of useful lives impacts the level of annual depreciation expenses recorded. Plant and equipment are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows generated by each asset or group of assets. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statement of profit or loss and other comprehensive income.

### **Government subsidies**

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

Government subsidies are recognised on a systematic basis over the periods in which we recognise as expenses the related costs for which the government subsidies are intended to compensate. Specifically, government subsidies whose primary condition is our purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant non-current asset and transferred to profit or loss on a systematic and rational basis over the useful lives of the related non-current assets.

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

### *Description of Components of Results of Operations*

Our consolidated statement of profit or loss and other comprehensive income for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016 set forth below are extracted from the Accountants' Report attached as Appendix I to this prospectus.

	Year ended 31 March				Six months ended 30 September			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	<i>(unaudited)</i>							
<b>Revenue . . . . .</b>	<b>316,320</b>	<b>100.0</b>	<b>346,999</b>	<b>100.0</b>	<b>160,554</b>	<b>100.0</b>	<b>208,390</b>	<b>100.0</b>
Cost of sales. . . . .	(277,390)	(87.7)	(308,753)	(89.0)	(142,972)	(89.0)	(186,078)	(89.3)
<b>Gross profit . . . . .</b>	<b>38,930</b>	<b>12.3</b>	<b>38,246</b>	<b>11.0</b>	<b>17,582</b>	<b>11.0</b>	<b>22,312</b>	<b>10.7</b>
Other income . . . . .	418	0.1	765	0.2	237	0.2	110	0.1
Administrative expenses . . . . .	(19,576)	(6.2)	(21,158)	(6.0)	(9,451)	(5.9)	(13,021)	(6.3)
Finance costs . . . . .	(2,619)	(0.8)	(2,678)	(0.8)	(1,216)	(0.8)	(1,411)	(0.7)
<b>Profit before tax. . . . .</b>	<b>17,153</b>	<b>5.4</b>	<b>15,175</b>	<b>4.4</b>	<b>7,152</b>	<b>4.5</b>	<b>7,990</b>	<b>3.8</b>
Income tax expense . . . . .	(2,799)	(0.9)	(2,653)	(0.8)	(1,229)	(0.8)	(1,920)	(0.9)
<b>Profit for the year/period . . . . .</b>	<b>14,354</b>	<b>4.5</b>	<b>12,522</b>	<b>3.6</b>	<b>5,923</b>	<b>3.7</b>	<b>6,070</b>	<b>2.9</b>

### **Revenue**

We generated revenue from the provision of environmental cleaning solutions during the Track Record Period.

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### *By principal service category*

We divide our environmental cleaning solutions into four principal service categories, namely: (i) street cleaning solutions; (ii) building cleaning solutions; (iii) bus and ferry cleaning solutions; and (iv) other cleaning services. The following table sets forth a breakdown of our revenue by principal service category for the periods indicated:

	Year ended 31 March				Six months ended 30 September			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(unaudited)</i>							
Street cleaning solutions . . . . .	164,313	52.0	207,224	59.7	87,675	54.6	134,949	64.8
Building cleaning solutions . . . . .	83,790	26.5	79,308	22.9	37,684	23.5	50,386	24.2
Bus and ferry cleaning solutions . . . . .	48,467	15.3	41,027	11.8	25,338	15.8	15,890	7.6
Other cleaning services <sup>(1)</sup> . . . . .	19,750	6.2	19,440	5.6	9,857	6.1	7,165	3.4
<b>Total . . . . .</b>	<b><u>316,320</u></b>	<b><u>100.0</u></b>	<b><u>346,999</u></b>	<b><u>100.0</u></b>	<b><u>160,554</u></b>	<b><u>100.0</u></b>	<b><u>208,390</u></b>	<b><u>100.0</u></b>

*Note:*

(1) Other cleaning services include: (i) refuse collection and waste disposal; (ii) external wall and window cleaning; (iii) stone floor cleaning and maintenance; (iv) post-construction cleaning; (v) confined space cleaning; (vi) sewage management; (vii) pest control and fumigation; (viii) office building cleaning; and (ix) park cleaning.

Our revenue is affected by the number of contracts awarded to us in a given period. In general, the contract value of our contracts for street cleaning solutions is significantly higher than the contract value of our contracts for other cleaning solutions and other cleaning services, and therefore our revenue is also affected by our service mix. The contract value of our contracts for street cleaning solutions is generally higher due to the broader scope of services involved and the larger scale of street cleaning projects, as contracts for street cleaning solutions are typically awarded by district. The increase in our revenue during the Track Record Period was primarily attributable to the increase in revenue from street cleaning solutions.

During the Track Record Period, revenue from our street cleaning solutions accounted for the majority of our total revenue. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, revenue from our street cleaning solutions amounted to HK\$164.3 million, HK\$207.2 million, HK\$87.7 million and HK\$134.9 million, respectively, accounting for 52.0%, 59.7%, 54.6% and 64.8% of our total revenue, respectively. The increase in revenue from our street cleaning solutions during the Track Record Period was due to the increase in the number of subsisting tender contracts for street cleaning solutions with Customer A. The increase was also attributable to our enhanced ability to secure new tender contracts including the five new tender contracts for street cleaning projects due to our

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years of experience in providing street cleaning solutions, refuse collection and waste disposal services for Customer A, allowing us to prepare tender proposals that will meet Customer A's requirements, which was accounted for in Customer A's weighted marking system during the tendering process. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, we had five, eight, six and 13 subsisting tender contracts for street cleaning solutions, respectively. The contract value of these contracts for street cleaning solutions ranged from HK\$10.8 million to HK\$82.7 million.

We also derived a significant portion of our revenue from contracts for building cleaning solutions during the Track Record Period. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, revenue from our building cleaning solutions amounted to HK\$83.8 million, HK\$79.3 million, HK\$37.7 million and HK\$50.4 million, respectively, accounting for 26.5%, 22.9%, 23.5% and 24.2% of our total revenue, respectively. The decrease in revenue from our building cleaning solutions for the year ended 31 March 2016 was primarily due to the expiration of one contract of significant amount for building cleaning solutions in May 2015. The increase in revenue from our building cleaning solutions for the six months ended 30 September 2016 was primarily due to the additional contracts secured from both our government sector customers and private sector customers.

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, revenue from our bus and ferry cleaning solutions amounted to HK\$48.5 million, HK\$41.0 million, HK\$25.3 million and HK\$15.9 million, respectively, accounting for 15.3%, 11.8%, 15.8% and 7.6% of our total revenue, respectively. The decrease in revenue from our bus and ferry cleaning solutions during the Track Record Period was primarily due to the expiration of one contract for bus cleaning services in September 2015.

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, revenue from our other cleaning services amounted to HK\$19.8 million, HK\$19.4 million, HK\$9.9 million and HK\$7.2 million, respectively, accounting for 6.2%, 5.6%, 6.1% and 3.4% of our total revenue, respectively. The change in revenue from our other cleaning services, which are non-continuous in nature and generally involve a relatively limited scope of services and amount of resources, less time commitment, and smaller service fees, was primarily due to the fluctuation in the number and amount of our one-off quotations for such services.

### *By customer type*

We provide our environmental cleaning solutions to three types of customers: (i) government sector customers; (ii) private sector customers; and (iii) public transport customers. During the Track Record Period, all of our customers were located in Hong Kong.

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The following table sets forth a breakdown of our revenue by customer type for the periods indicated:

	Year ended 31 March				Six months ended 30 September			
	2015		2016		2015		2016	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
	<i>(unaudited)</i>							
Government sector								
customers . . . . .	201,576	63.7	234,907	67.7	101,292	63.1	151,595	72.8
Private sector								
customers . . . . .	66,293	21.0	71,065	20.5	33,924	21.1	40,871	19.6
Public transport								
customers <sup>(1)</sup> . . .	48,451	15.3	41,027	11.8	25,338	15.8	15,924	7.6
<b>Total. . . . .</b>	<b><u>316,320</u></b>	<b><u>100.0</u></b>	<b><u>346,999</u></b>	<b><u>100.0</u></b>	<b><u>160,554</u></b>	<b><u>100.0</u></b>	<b><u>208,390</u></b>	<b><u>100.0</u></b>

*Note:*

- (1) Refers to the two largest public bus companies according to the F&S Report, and one public ferry company, all of which are located in Hong Kong. We contracted with these two public bus companies to provide bus cleaning services to four public bus operators during the Track Record Period.

We derive a majority of our revenue from contracts with government sector customers. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, revenue generated from contracts with government sector customers amounted to HK\$201.6 million, HK\$234.9 million, HK\$101.3 million and HK\$151.6 million, respectively, accounting for 63.7%, 67.7%, 63.1% and 72.8% of our total revenue, respectively.

The majority of our total revenue during the Track Record Period was derived from contracts for street cleaning solutions, which are awarded only by Customer A in Hong Kong. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, revenue generated from contracts with Customer A, our largest customer, amounted to HK\$164.3 million, HK\$204.8 million, HK\$86.3 million and HK\$135.1 million, respectively, accounting for 52.0%, 59.0%, 53.7% and 64.8% of our total revenue, respectively.

Despite the fact that revenue from Customer A during the Track Record Period exhibits a certain degree of revenue concentration from Customer A, our Directors consider that our concentration risk is low. See “Business – Customers, Pricing Policy and Contracting – Customers – Our relationship with Customer A.”



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### Cost of sales

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated:

	Year ended 31 March				Six months ended 30 September			
	2015		2016		2015		2016	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
	<i>(unaudited)</i>							
Direct labour costs . .	230,425	83.1	262,266	84.9	120,310	84.1	156,118	83.9
Operation expenses . .	26,603	9.6	26,982	8.7	11,677	8.2	16,188	8.7
Third-party labour costs . . . . .	10,475	3.8	8,881	2.9	6,108	4.3	7,245	3.9
Consumable costs . . .	7,878	2.8	7,587	2.5	3,423	2.4	4,674	2.5
Other costs . . . . .	2,009	0.7	3,037	1.0	1,454	1.0	1,853	1.0
<b>Total cost of sales . .</b>	<b>277,390</b>	<b>100.0</b>	<b>308,753</b>	<b>100.0</b>	<b>142,972</b>	<b>100.0</b>	<b>186,078</b>	<b>100.0</b>

Our cost of sales consists primarily of direct labour costs, operation expenses, third-party labour costs, consumable costs and other costs, all of which are related to our environmental cleaning solutions.

Direct labour costs, which was the largest component of our cost of sales during the Track Record Period and which are costs directly payable in connection with our operations staff, consist of wages and MPF contributions. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, our direct labour costs amounted to HK\$230.4 million, HK\$262.3 million, HK\$120.3 million and HK\$156.1 million, respectively, accounting for 83.1%, 84.9%, 84.1% and 83.9% of our total cost of sales, respectively. The increase in direct labour costs during the Track Record Period was primarily due to the increase in the number of operations staff that we hired as we continued to expand our labour force to support our business growth, including the five new tender contracts for street cleaning solutions, refuse collection and waste disposal services with Customer A secured during the six months ended 30 September 2016, and the increase in the average monthly salary of our employees as part of our strategy to promote staff retention.

Our operation expenses consist of depreciation of plant, equipment and motor vehicles, motor vehicle rental expenses, as well as fees and charges paid in relation to our daily usage of motor vehicles except for penalties, which are recorded as our administrative expenses. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, our operation expenses amounted to HK\$26.7 million, HK\$27.0 million, HK\$11.7 million and HK\$16.2 million, respectively, accounting for 9.6%, 8.7%, 8.2% and 8.7% of our total cost of sales, respectively. Our operation expenses increased during the two years ended 31 March 2015 and 2016 primarily because of the increase in our daily usage of motor vehicles for the new tender contracts for street cleaning solutions, refuse collection and waste disposal services with Customer A. The increase in our operating expenses for the six months ended 30 September 2016 was due to the increase of motor vehicle rental for our new tender contracts during the period.

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For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, our third-party labour costs amounted to HK\$10.5 million, HK\$8.9 million, HK\$6.1 million and HK\$7.2 million, respectively, accounting for 3.8%, 2.9%, 4.3% and 3.9% of our total cost of sales, respectively. The decrease in third-party labour costs for the year ended 31 March 2016 was primarily due to the increase in the number of our operations staff, which in turn decreased our need for third-party workers. The increase in third-party labour costs for the six months ended 30 September 2016 was mainly due to the additional manpower required for the reallocation of workers for our new tender contracts for the six months ended 30 September 2016. Going forward, we expect that we will hire more of our own labour force as and when necessary while growing our business and capacity to undertake more projects, thereby gradually reducing our need for the procurement of third-party workers.

Consumable costs refer to costs of consumables for our services, such as trash bags, detergents toiletries and other cleaning chemicals. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, our consumable costs amounted to HK\$7.9 million, HK\$7.6 million, HK\$3.4 million and HK\$4.7 million, respectively, accounting for 2.8%, 2.5%, 2.4% and 2.5% of our total cost of sales, respectively. Our consumable costs remained relatively stable as a percentage of our total cost of sales during the Track Record Period due to our enhanced cost management and purchasing strategy.

Other costs consist of costs of uniforms for our workers, waste collection charges, and long service payments. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, our other costs amounted to HK\$2.0 million, HK\$3.0 million, HK\$1.5 million and HK\$1.9 million, respectively accounting for 0.7%, 1.0%, 1.0% and 1.0% of our total cost of sales, respectively. Our other costs increased during the Track Record Period primarily due to the increase in our long service payments during the period.

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### Gross profit and gross profit margin

The following table sets forth a breakdown of our gross profit and gross profit margin by principal service category for the periods indicated:

	Year ended 31 March				Six months ended 30 September			
	2015		2016		2015		2016	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
	<i>(unaudited)</i>							
Street cleaning solutions . . . .	19,307	11.8	22,344	10.8	9,096	10.4	13,798	10.2
Building cleaning solutions . . . .	11,027	13.2	8,240	10.4	4,325	11.5	5,832	11.6
Bus and ferry cleaning solutions . . . .	5,406	11.2	4,625	11.3	2,345	9.3	1,573	9.9
Other cleaning services . . . . .	3,190	16.2	3,037	15.6	1,816	18.4	1,109	15.5
<b>Total . . . . .</b>	<b><u>38,930</u></b>	<b><u>12.3</u></b>	<b><u>38,246</u></b>	<b><u>11.0</u></b>	<b><u>17,582</u></b>	<b><u>11.0</u></b>	<b><u>22,312</u></b>	<b><u>10.7</u></b>

Gross profit represents the excess of revenue over our cost of sales. Our gross profit decreased from HK\$38.9 million for the year ended 31 March 2015 to HK\$38.2 million for the year ended 31 March 2016. Our gross profit increased from HK\$17.6 million for the six months ended 30 September 2015 to HK\$22.3 million for the six months ended 30 September 2016. Our gross profit margin decreased from 12.3% for the year ended 31 March 2015 to 11.0% for the year ended 31 March 2016. Our gross profit margin remained relatively stable at 11.0% for the six months ended 30 September 2015 and 10.7% for the six months ended 30 September 2016.

#### *Street cleaning solutions*

During the Track Record Period, gross profit from street cleaning solutions increased generally in line with the increase in our revenue from street cleaning solutions. Gross profit from street cleaning solutions increased from HK\$19.3 million for the year ended 31 March 2015 to HK\$22.3 million for the year ended 31 March 2016. While gross profit increased, our gross profit margin decreased from 11.8% for the year ended 31 March 2015 to 10.8% for the year ended 31 March 2016 primarily attributable to the increase in our cost of sales for our street cleaning solutions due to the initial startup costs comprising startup labour costs and purchase costs for consumables including tools as we commenced work for our new tender contracts, as well as the increase in our operations staff and specialised vehicles for the new tender contracts. Gross profit from street cleaning solutions increased from HK\$9.1 million for the six months ended 30 September 2015 to HK\$13.8 million for the six months ended 30 September 2016. Our gross profit margin remained relatively stable at 10.4% for the six months ended 30 September 2015 and 10.2% for the six months ended 30 September 2016.

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### *Building cleaning solutions*

Gross profit from building cleaning solutions decreased from HK\$11.0 million for the year ended 31 March 2015 to HK\$8.2 million for the year ended 31 March 2016, in line with the decrease in our revenue from building cleaning solutions for the same periods. Our gross profit margin decreased from 13.2% for the year ended 31 March 2015 to 10.4% for the year ended 31 March 2016, reflecting the decrease in gross profit due to the expiration of one higher-margin contract for building cleaning solutions in May 2015. Our gross profit increased from HK\$4.3 million for the six months ended 30 September 2015 to HK\$5.8 million for the six months ended 30 September 2016 in line with the increase in revenue. Our gross profit margin remained relatively stable at 11.5% for the six months ended 30 September 2015 and 11.6% for the six months ended 30 September 2016.

### *Bus and ferry cleaning solutions*

During the Track Record Period, gross profit from bus and ferry cleaning solutions decreased generally in line with the decrease in our revenue from bus and ferry cleaning solutions. Gross profit from bus and ferry cleaning solutions decreased from HK\$5.4 million for the year ended 31 March 2015 to HK\$4.6 million for the year ended 31 March 2016. Our gross profit margin from bus and ferry cleaning solutions remained relatively stable with a slight increase from 11.2% for the year ended 31 March 2015 to 11.3% for the year ended 31 March 2016 due to a slight decrease in cost of sales for bus and ferry cleaning solutions for the period. Gross profit from bus and ferry cleaning solutions decreased from HK\$2.3 million for the six months ended 30 September 2015 to HK\$1.6 million for the six months ended 30 September 2016. While gross profit decreased, our gross profit margin increased from 9.3% for the six months ended 30 September 2015 to 9.9% for the six months ended 30 September 2016, primarily due to a significant decrease of 37.7% in cost of sales for bus and ferry cleaning solutions which was attributable to the expiration of a lower-margin contract entered into with a public transport customer for bus cleaning services in September 2015. The lower margin was primarily due to our commercial decision to lower our service fees and thereby enhance our competitiveness in the tendering process in order to secure business with such customer.

### *Other cleaning services*

Gross profit for other cleaning services decreased from HK\$3.2 million for the year ended 31 March 2015 to HK\$3.0 million for the year ended 31 March 2016. Our gross profit margin also decreased from 16.2% for the year ended 31 March 2015 to 15.6% for the year ended 31 March 2016. Gross profit decreased from HK\$1.8 million for the six months ended 30 September 2015 to HK\$1.1 million for the six months ended 30 September 2016 due to the decrease in revenue caused by the fluctuation in the number and amount of our one-off quotations for our other cleaning services. Our gross profit margin also decreased from 18.4% for the six months ended 30 September 2015 to 15.5% for the six months ended 30 September 2016, reflecting the decrease in gross profit.

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### Other income

Other income consists of bank interest income, government subsidies, gain on disposal of plant and equipment and sundry income. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, our other income amounted to approximately HK\$0.4 million, HK\$0.8 million, HK\$0.2 million and HK\$0.1 million, respectively.

Our government subsidies refer to the non-recurring subsidies we received as an incentive under the Ex-gratia Payment Scheme. For the years ended 31 March 2015 and 2016, we received government subsidies of HK\$0.3 million and HK\$0.6 million, respectively, which mainly consisted of subsidies received for phasing out three and five of our pre-Euro IV specialised vehicles in the respective period. We did not receive any government subsidies for the six months ended 30 September 2016.

### Administrative expenses

Our administrative expenses consist primarily of (i) staff costs, which comprised salaries, bonuses and other benefits for our Directors and our administrative, sales and marketing staff, as well as marketing-related expenses, entertainment expenses and general office-related expenses; (ii) insurance expenses, which related to fees for our insurance policies and insurance expenses for our business operations; (iii) Listing expenses; (iv) maintenance, office supplies and transportation expenses; (v) bank charges; (vi) legal and professional fees; and (vii) other expenses, which mainly included office rental expenses.

Our administrative expenses for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016 were HK\$19.6 million, HK\$21.2 million, HK\$9.5 million and HK\$13.0 million, respectively.

The table below sets forth the components of our administrative expenses for the periods indicated:

	Year ended 31 March				Six months ended 30 September			
	2015		2016		2015		2016	
	<i>HKD'000</i>	%	<i>HKD'000</i>	%	<i>HKD'000</i>	%	<i>HKD'000</i>	%
	<i>(unaudited)</i>							
Staff costs . . . . .	9,503	48.5	9,258	43.8	4,050	42.9	4,608	35.4
Insurance expenses . .	5,231	26.7	5,535	26.2	2,373	25.1	1,945	14.9
Listing expenses . . .	–	–	1,242	5.8	–	–	3,479	26.7
Maintenance, office supplies and transportation expenses . . . . .	1,361	7.0	1,106	5.2	437	4.6	560	4.3
Bank charges . . . . .	709	3.6	1,155	5.5	783	8.3	307	2.4
Legal and professional fees . .	540	2.8	527	2.5	261	2.8	232	1.8
Other expenses . . . .	2,232	11.4	2,335	11.0	1,547	16.3	1,890	14.5
<b>Total administrative expenses . . . . .</b>	<b>19,576</b>	<b>100.0</b>	<b>21,158</b>	<b>100.0</b>	<b>9,451</b>	<b>100.0</b>	<b>13,021</b>	<b>100.0</b>

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Our staff costs represented the largest component of our administrative expenses for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, amounting to HK\$9.5 million, HK\$9.3 million, HK\$4.1 million and HK\$4.6 million, respectively, and accounting for 48.5%, 43.8%, 42.9% and 35.4% of our total administrative expenses, respectively. The decrease in our staff costs and the respective percentage to total administrative expenses for the year ended 31 March 2016 was mainly attributable to the decrease in Director's remuneration, which reduced our overall staff costs as a percentage to total administrative expenses for the same period when compared to other periods. The increase in our staff costs for the six months ended 30 September 2016 was due to additional staff recruited for our overall expansion of business including eight new tender contracts for street cleaning solutions during the period from 30 September 2015 to 30 September 2016.

Our insurance expenses also represented a significant component of our total administrative expenses for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, amounting to HK\$5.2 million, HK\$5.5 million, HK\$2.4 million and HK\$1.9 million, respectively, and accounting for 26.7%, 26.2%, 25.1% and 14.9% of our total administrative expenses, respectively. Our insurance expenses remained stable for the years ended 31 March 2015 and 2016. The significant decrease in our insurance expenses for the six months ended 30 September 2016 was due to the no claim bonuses we received on our insurance premium from our insurance providers as we did not make any material claims during the period, which reduced our overall insurance expenses as a percentage to total administrative expenses for the same period when compared to other periods.

We did not incur any Listing expenses for the year ended 31 March 2015 and the six months ended 30 September 2015. Our Listing expenses for the year ended 31 March 2016 and the six months ended 30 September 2016 amounted to HK\$1.2 million and HK\$3.5 million, respectively. Our maintenance, office supplies and transportation expenses amounted approximately HK\$1.4 million, HK\$1.1 million, HK\$0.4 million and HK\$0.6 million for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, respectively. Our bank charges amounted to approximately HK\$0.7 million, HK\$1.2 million, HK\$0.8 million and HK\$0.3 million for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, respectively. Our legal and professional fees amounted to approximately HK\$0.5 million, HK\$0.5 million, HK\$0.3 million and HK\$0.2 million for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, respectively. Our other expenses amounted to HK\$2.2 million, HK\$2.3 million, HK\$1.5 million and HK\$1.9 million for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, respectively.

### **Finance costs**

Our finance costs mainly consist of interest expenses paid for bank borrowings and overdrafts and obligations under finance leases.

For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016, our finance costs amounted to HK\$2.6 million, HK\$2.7 million, HK\$1.2 million and HK\$1.4 million, respectively.

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As at 31 March 2015 and 2016 and 30 September 2016, our bank loans bore interest at floating rates ranging from 2.00% to 7.50%, 4.69% to 7.50%, and 2.05% to 7.50% on an annual basis, respectively. As at 31 March 2015 and 2016 and 30 September 2016, our bank overdrafts bore interest at floating rates of 1.75%, 3.50% and 3.50% on an annual basis, respectively.

### **Income tax expenses**

Our income tax expenses consist of deferred tax expenses in relation to the depreciation of our motor vehicles as at 31 March 2015 in the amount of HK\$1.2 million in the form of accelerated tax depreciation.

As all of our profits are derived in Hong Kong, we are subject to income tax in Hong Kong. Our respective profits tax rate was 16.5% for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016. Our income tax expenses for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016 amounted to HK\$2.8 million, HK\$2.7 million and HK\$1.9 million, respectively.

Our Directors confirm that we have paid all relevant taxes and are not subject to any dispute or material unresolved tax issues with the relevant tax authorities during the Track Record Period.

### **Profit and total comprehensive income for the year/period**

Our net profit decreased by HK\$1.8 million, or 12.8%, from HK\$14.4 million for the year ended 31 March 2015 to HK\$12.5 million for the year ended 31 March 2016. Our net profit increased by HK\$0.2 million, or 2.5%, from HK\$5.9 million for the six months ended 30 September 2015 to HK\$6.1 million for the six months ended 30 September 2016.

Our net profit margin decreased from 4.5% for the year ended 31 March 2015 to 3.6% for the year ended 31 March 2016. Our net profit margin decreased from 3.7% for the six months ended 30 September 2015 to 2.9% for the six months ended 30 September 2016.

The decrease in both our net profit and net profit margin during the Track Record Period was due to the non-recurring listing expenses of approximately HK\$1.2 million and HK\$3.5 million for the year ended 31 March 2016 and the six months ended 30 September 2016, respectively.

### ***Period to Period Comparison of Results of Operations***

#### **Six months ended 30 September 2016 compared with six months ended 30 September 2015**

##### *Revenue*

Our revenue increased by HK\$47.8 million, or 29.8%, from HK\$160.6 million for the six months ended 30 September 2015 to HK\$208.4 million for the six months ended 30 September 2016. The increase was primarily attributable to the increase of HK\$47.3 million, or 53.9%, in

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revenue from our street cleaning solutions which was due to the addition of eight new tender contracts and the expiration of one tender contract for street cleaning solutions, refuse collection and waste disposal services with Customer A during the period from 30 September 2015 to 30 September 2016. The increase in revenue from street cleaning solutions was also attributable to our enhanced ability to secure new tender contracts for street cleaning projects due to our years of experience in providing street cleaning solutions for Customer A, allowing us to prepare tender proposals that will meet Customer A's requirements, which was accounted for in Customer A's weighted marking system during the tendering process. For the six months ended 30 September 2015 and 2016, we had six and 13 subsisting tender contracts for street cleaning solutions, respectively.

The increase in revenue for the six months ended 30 September 2016 was also attributable to the increase of HK\$12.7 million, or 33.7%, in revenue from our building cleaning solutions. The increase was primarily due to the increase in the number of our tender contracts with government sector customers and private sector customers during the period from 30 September 2015 to 30 September 2016.

The increase in revenue for the six months ended 30 September 2016 was partially offset by the decrease of HK\$9.4 million, or 37.3%, in revenue from our bus and ferry cleaning solutions for our public transport customers, primarily due to the expiration of one contract for bus cleaning services in September 2015.

### *Cost of sales*

Our cost of sales increased by HK\$43.1 million, or 30.2%, from HK\$143.0 million for the six months ended 30 September 2015 to HK\$186.1 million for the six months ended 30 September 2016. The increase in cost of sales was primarily attributable to the increase of HK\$35.8 million, or 29.8%, in our direct labour costs as a result of the increase in the number of operations staff that we hired as we continued to expand our labour force to support our business growth and the increase in the average monthly salary of our employees as part of our strategy to promote staff retention. Our cost of sales also increased due to the increase of HK\$4.5 million, or 38.6%, in operation expenses as a result of the increase in vehicle expenses (including gas and rent); the increase of HK\$1.1 million, or 18.6%, in third-party labour costs as a result of the increase in manpower required for the reallocation of workers for our five new tender contracts for street cleaning solutions, refuse collection and waste disposal with Customer A secured during the period; the increase of HK\$1.3 million, or 36.6%, in consumable costs as a result of the increase in the number of new contracts during the period; and the increase of HK\$0.4 million, or 27.4%, in other costs due to the increase in our long service payments during the period.

### *Gross profit and gross profit margin*

Our gross profit increased by HK\$4.7 million, or 26.9%, from HK\$17.6 million for the six months ended 30 September 2015 to HK\$22.3 million for the six months ended 30 September 2016 primarily due to the increase of HK\$4.7 million, or 51.7%, in gross profit from street cleaning solutions and the increase of HK\$1.5 million, or 34.8%, in gross profit from



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building cleaning solutions, partially offset by the decrease of HK\$0.8 million, or 32.9%, in gross profit from bus and ferry cleaning solutions. Our gross profit margin remained relatively stable at 11.0% for the six months ended 30 September 2015 and 10.7% for the six months ended 30 September 2016.

### *Other income*

Our other income decreased by approximately HK\$0.1 million, or 53.6%, from approximately HK\$0.2 million for the six months ended 30 September 2015 to approximately HK\$0.1 million for the six months ended 30 September 2016 because we did not receive any government subsidies for the six months ended 30 September 2016 and due to a non-recurring sundry income of approximately HK\$109,000, which mainly consisted of compensation received from insurance companies for the settlement of third-party claims.

### *Administrative expenses*

Our administrative expenses increased by HK\$3.6 million, or 37.8%, from HK\$9.5 million for the six months ended 30 September 2015 to HK\$13.0 million for the six months ended 30 September 2016 mainly because we incurred listing expenses of HK\$3.5 million for the six months ended 30 September 2016. The increase in administrative expenses was also attributable to the increase of HK\$0.6 million, or 13.8%, in staff costs due to the increase in Director's remuneration, partly offset by the decrease of HK\$0.4 million, or 18.0%, in insurance expenses primarily attributable to the no claim bonuses we received on our insurance premium from our insurance providers as we did not make any material claims during the period.

### *Finance costs*

Our finance costs increased by HK\$0.2 million, or 16.0%, from HK\$1.2 million for the six months ended 30 September 2015 to HK\$1.4 million for the six months ended 30 September 2016, primarily due to the increase in interest on bank borrowings and overdrafts by HK\$0.2 million, or 22.5%, from HK\$0.8 million to HK\$1.0 million as a result of the increase in our banking facilities, which resulted in increased interest expenses. Our bank borrowings and overdrafts amounted to HK\$26.7 million as at 30 September 2016. Our bank borrowings and overdrafts were utilised to fund our general working capital requirements.

### *Income tax expenses*

Our income tax expenses increased by HK\$0.7 million, or 56.2%, from HK\$1.2 million for the six months ended 30 September 2015 to HK\$1.9 million for the six months ended 30 September 2016. The greater increase in percentage than the income tax expenses was mainly due to the non-deductible Listing expenses of HK\$3.5 million incurred for the six months ended 30 September 2016.

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### *Profit and total comprehensive income for the period*

As a result of the foregoing, our profit and total comprehensive income for the period increased by HK\$0.2 million, or 2.5%, from HK\$5.9 million for the six months ended 30 September 2015 to HK\$6.1 million for the six months ended 30 September 2016. Our net profit margin decreased from 3.6% for the six months ended 30 September 2015 to 2.9% for the six months ended 30 September 2016 mainly due to the non-recurring listing expenses.

### **Year ended 31 March 2016 compared with year ended 31 March 2015**

#### *Revenue*

Our revenue increased by HK\$30.7 million, or 9.7%, from HK\$316.3 million for the year ended 31 March 2015 to HK\$347.0 million for the year ended 31 March 2016. The increase was primarily attributable to the increase of HK\$42.9 million, or 26.1%, in revenue from our street cleaning solutions for our government sector customers primarily due to our obtaining four new tender contracts with Customer A during the year, offset by the decrease of HK\$7.4 million, or 15.4%, in revenue from our bus and ferry cleaning solutions for our public transport customers primarily due to the expiration of one contract for bus cleaning services in September 2015 and the decrease of HK\$4.5 million, or 5.3%, in revenue from our building cleaning solutions for our government sector customers and private sector customers primarily due to the expiration of one contract for building cleaning solutions in May 2015.

#### *Cost of sales*

Our cost of sales increased by HK\$31.4 million, or 11.3%, from HK\$277.4 million for the year ended 31 March 2015 to HK\$308.8 million for the year ended 31 March 2016 primarily due to the increase of HK\$31.8 million, or 13.8%, in our direct labour costs as a result of the increase in the number of operations staff that we hired as we continued to expand our labour force to support our business growth and the increase in the average monthly salary of our employees as part of our strategy to promote staff retention. Our cost of sales also increased due to the increase of HK\$1.0 million, or 51.2%, in other costs as a result of the increase in our uniform needs for new contracts secured and waste collection fees incurred due to the subsequent contract modifications of our contracts for street cleaning solutions with Customer A.

#### *Gross profit and gross profit margin*

Our gross profit remained at similar levels, decreasing slightly from HK\$38.9 million for the year ended 31 March 2015 to HK\$38.2 million for the year ended 31 March 2016 primarily due to the decrease of HK\$2.8 million, or 25.3%, in gross profit from building cleaning solutions, which was due to the expiration of one higher-margin contract for building cleaning solutions in May 2015. We recorded higher margins on such contract as we were able to enjoy geographic advantages that enabled us to share labour and other resources for several of our projects located in the same district, thereby reducing our overall costs. The decrease in our

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gross profit was also attributable to the decrease of HK\$0.8 million, or 14.4%, in gross profit from bus and ferry cleaning solutions. Our gross profit margin decreased from 12.3% for the year ended 31 March 2015 to 11.0% for the year ended 31 March 2016 primarily due to the decrease in gross profit margin from our building cleaning solutions and the decrease in gross profit margin from our street cleaning solutions.

### *Other income*

Other income increased by HK\$0.3 million, or 83.0%, from HK\$0.4 million for the year ended 31 March 2015 to HK\$0.8 million for the year ended 31 March 2016 primarily due to: (i) the receipt of government subsidies of HK\$0.3 million for the year ended 31 March 2015, which increased to HK\$0.6 million for the year ended 31 March 2016 for the phasing out of our older vehicles; and (ii) a gain on disposal of plant and equipment of HK\$0.2 million during this period due to the disposal of eight pre-Euro IV diesel commercial vehicles under the Ex-gratia Payment Scheme.

### *Administrative expenses*

Our administrative expenses increased by HK\$1.6 million, or 8.1%, from HK\$19.6 million for the year ended 31 March 2015 to HK\$21.2 million for the year ended 31 March 2016, which was mainly because we incurred Listing expenses of HK\$1.2 million for the year ended 31 March 2016. The increase in administrative expenses was also attributable to the increase of HK\$0.4 million, or 62.9%, in bank charges primarily due to the increase in bank borrowings and overdrafts, and the increase of HK\$0.3 million, or 5.8%, in insurance expenses primarily due to the increase in the number of subsisting tender contracts for street cleaning solutions with Customer A, partly offset by the decrease of HK\$0.2 million, or 25.8%, in staff costs primarily due to the decrease in Directors' remuneration.

### *Finance costs*

Our finance costs remained at similar levels, increasing slightly by HK\$0.1 million, or 2.3%, from HK\$2.6 million for the year ended 31 March 2015 to HK\$2.7 million for the year ended 31 March 2016. The slight increase was due to the increase in interest expenses on bank borrowings and overdrafts by HK\$0.2 million, or 11.6%, from HK\$1.6 million for the year ended 31 March 2015 to HK\$1.8 million for the year ended 31 March 2016, offset by a slight decrease in the interest on obligations under finance leases by HK\$0.1 million, or 13.4%, from HK\$1.0 million for the year ended 31 March 2015 to HK\$0.8 million for the year ended 31 March 2016. Our bank borrowings and overdrafts amounted to HK\$32.0 million and HK\$44.5 million as at 31 March 2015 and 2016, respectively.

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### *Income tax expenses*

Our income tax expenses remained at similar levels, decreasing slightly by HK\$0.1 million, or 5.2%, from HK\$2.8 million for the year ended 31 March 2015 to HK\$2.7 million for the year ended 31 March 2016. The smaller percentage decrease in income tax expenses than the percentage decrease in profit before tax was mainly due to the non-deductible Listing expenses of HK\$1.2 million incurred for the year ended 31 March 2016.

### *Profit and total comprehensive income for the year*

As a result of the foregoing, our profit and total comprehensive income for the year decreased by HK\$1.8 million, or 12.8%, from HK\$14.4 million for the year ended 31 March 2015 to HK\$12.5 million for the year ended 31 March 2016. Our net profit margin decreased from 4.5% for the year ended 31 March 2015 to 3.6% for the year ended 31 March 2016.

### *Liquidity and Capital Resources*

#### **Working capital**

We finance our operations principally through cash generated from operating activities as well as bank borrowings and overdrafts. As at 31 March 2015 and 2016 and 30 September 2016, we had cash and cash equivalents of HK\$29.4 million, HK\$38.1 million and HK\$7.5 million, respectively.

We monitor our cash flows and cash balance on a regular basis and seek to maintain optimal level of liquidity that can meet our working capital needs while supporting a healthy level of business and our various growth strategies. In the future, we intend to finance our operations through cash generated from our operating activities as well as bank borrowings and overdrafts, the net proceeds from the Share Offer and other funds raised from capital markets from time to time, as and when necessary and appropriate. Other than normal bank borrowings and overdrafts that we obtain from commercial banks and potential debt financing plans, we do not expect to have any material external debt financing plan in the near future.

Our Directors are of the opinion that after taking into account the existing financial resources available to us, the available banking facilities, our cash flow from operations and the estimated net proceeds from the Share Offer, we have sufficient working capital for our working capital requirements for at least the next 12 months from the date of this prospectus.

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### Cash flows

The following table sets forth a selected summary of our consolidated cash flow statements for the periods indicated:

	Year ended 31 March		Six months ended 30 September	
	2015	2016	2015	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(unaudited)</i>	
Cash and cash equivalents at the beginning of the year/period . . . . .	17,362	29,356	29,356	38,120
Net cash generated from/(used in) operating activities . . . . .	23,457	19,047	6,037	(6,677)
Net cash (used in) investing activities . . . . .	(1,817)	(17,754)	(11,772)	(12,117)
Net cash (used in)/generated from financing activities . .	(9,646)	7,471	3,222	(11,858)
Net increase/(decrease) in cash and cash equivalents . . . . .	<u>11,994</u>	<u>8,764</u>	<u>(2,513)</u>	<u>(30,652)</u>
Cash and cash equivalents at the end of the year/period . . . . .	<u><u>29,356</u></u>	<u><u>38,120</u></u>	<u><u>26,843</u></u>	<u><u>7,468</u></u>

*Net cash generated from/used in operating activities*

We derive our cash generated from operating activities principally from the receipt of payments for our environmental cleaning solutions. Our cash used in operating activities mainly comprises direct labour costs, third-party labour costs, purchase of consumables and other operation expenses.

For the six months ended 30 September 2016, our net cash flow used in operating activities was HK\$6.7 million, which comprised cash used from operations of HK\$5.3 million and interest of HK\$1.4 million paid. Our cash used from operations primarily consisted of profit before tax of HK\$8.0 million, adjusted by reconciliation of certain non-cash items and working capital changes, mainly due to the increase in trade payables of HK\$2.9 million due to the increase in consumables and third-party workers required for our service performance, partly offset by the increase in trade receivables of HK\$24.3 million primarily due to the addition of five new tender contracts for street cleaning solutions with Customer A secured during the six months ended 30 September 2016.

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For the year ended 31 March 2016, our net cash flow from operating activities was HK\$19.0 million, which comprised cash flow from operations of HK\$26.4 million, offset by profits tax of HK\$4.7 million and interest of HK\$2.7 million paid. Our cash flow from operations primarily consisted of profit before tax of HK\$15.2 million, adjusted by reconciliation of certain non-cash items and working capital changes, mainly including the increase in accruals and other payables of HK\$8.1 million primarily due to the increase in accrued wages of HK\$3.8 million attributable to the increase in the number of our tender contracts, and the accrued proceeds of HK\$3.7 million from Mr. Chan pursuant to the share subscription agreement, partly offset by: (a) the increase in prepayments, deposits and other receivables of HK\$5.3 million primarily due to the increase in prepaid Listing expenses of HK\$2.9 million and the increase in prepayments of HK\$1.7 million for our prepaid insurance expenses; and (b) the increase in trade receivables of HK\$2.6 million due to the increase in revenue generated from contracts with government sector customers.

For the year ended 31 March 2015, our net cash flow from operating activities was HK\$23.5 million, which comprised cash flow from operations of HK\$26.9 million, offset by profits tax of HK\$0.8 million and interest of HK\$2.6 million paid. Our cash flow from operations primarily consisted of profit before tax of HK\$17.2 million, adjusted by reconciliation of certain non-cash items and working capital changes, mainly including the increase in accruals and other payables of approximately HK\$12,000 for our general business operations, partly offset by the increase in trade receivables of HK\$1.0 million primarily due to the increase in the number of tender contracts with a government sector customer and the increase in prepayments, deposits and other receivables of HK\$0.4 million due to the increase in the prepaid insurance expenses.

### *Net cash used in investing activities*

Our cash generated from investing activities mainly includes repayment from a Shareholder, and gains on disposal of plant and equipment. Our cash used in investing activities is primarily for placement of pledged bank deposits for bank facilities and performance bonds as required for some of our tender contracts with government sector customers, purchase of plant and equipment and advance to a Shareholder.

For the six months ended 30 September 2016, our net cash used in investing activities was HK\$12.1 million. Our net cash outflow to investing activities mainly consisted of placement of pledged bank deposits of HK\$14.1 million for our government tender contracts and purchase of plant, machinery and specialised vehicles of HK\$0.4 million, partly offset by repayment from a Shareholder of HK\$2.4 million in connection with the advance to such Shareholder.

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For the year ended 31 March 2016, our net cash used in investing activities was HK\$17.8 million. Our net cash outflow from investing activities mainly consisted of advances to a Shareholder of HK\$9.2 million and placement of pledged bank deposits of HK\$8.4 million for our government tender contracts, partly offset by gains on disposal of plant and equipment of HK\$0.2 million in connection with our disposal of eight pre-Euro IV diesel commercial vehicles under the Ex-gratia Payment Scheme.

For the year ended 31 March 2015, our net cash used in investing activities was HK\$1.8 million. Our net cash outflow from investing activities mainly consisted of purchase of plant and equipment of HK\$0.8 million, and placement of pledged bank deposits of HK\$0.7 million for our government tender contracts.

### *Net cash used in/generated from financing activities*

Our cash used in financing activities is primarily for repayment of borrowings and repayment of obligations under finance leases for some of our specialised vehicles. Our cash generated from financing activities consists primarily of new bank loans raised.

For the six months ended 30 September 2016, our net cash used in financing activities was HK\$11.9 million. Our net cash outflow to financing activities consisted of repayment of borrowings of HK\$125.1 million and repayment of obligations under finance leases of HK\$4.2 million, partly offset by new bank loans of HK\$107.8 million raised.

For the year ended 31 March 2016, our net cash flow from financing activities was HK\$7.4 million, which comprised new bank loans of HK\$238.4 million raised and the repayment of obligations under finance leases of HK\$7.8 million, partly offset by repayment of borrowings of HK\$223.7 million.

For the year ended 31 March 2015, our net cash used in financing activities was HK\$9.6 million. Our net cash outflow from financing activities mainly consisted of repayment of borrowings of HK\$212.7 million and repayment of obligations under finance leases of HK\$7.8 million, partly offset by new bank loans of HK\$216.9 million raised.

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### *Selected Items of the Consolidated Statements of Financial Position*

The following table sets forth our consolidated statements of financial position as at the dates indicated:

	As at 31 March		As at 30 September	As at 31 January
	2015	2016	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(unaudited)</i>
<b>Non-current assets</b>				
Plant and equipment . . . .	18,007	17,743	21,025	19,442
<b>Total non-current assets . .</b>	<b>18,007</b>	<b>17,743</b>	<b>21,025</b>	<b>19,442</b>
<b>Current assets</b>				
Amount due from a Shareholder . . . . .	287	9,503	7,079	–
Trade receivables . . . . .	38,387	41,008	65,332	63,410
Prepayments, deposits and other receivables . .	3,736	9,213	9,754	13,091
Pledged bank deposits . .	3,275	11,654	25,758	25,758
Bank balances and cash . .	32,150	38,744	7,540	22,009
<b>Total current assets . . . . .</b>	<b>77,835</b>	<b>110,122</b>	<b>115,463</b>	<b>124,268</b>
<b>Current liabilities</b>				
Trade payables . . . . .	5,632	5,536	8,387	8,263
Accruals and other payables . . . . .	20,339	28,403	30,862	40,479
Tax payables . . . . .	1,834	–	1,930	190
Obligations under finance leases . . . . .	7,164	8,294	8,481	6,879
Bank borrowings and overdrafts . . . . .	31,986	44,547	26,699	34,843
<b>Total current liabilities . . .</b>	<b>66,955</b>	<b>86,780</b>	<b>76,359</b>	<b>90,654</b>
<b>Net current assets . . . . .</b>	<b>10,880</b>	<b>23,342</b>	<b>39,104</b>	<b>33,614</b>
<b>Non-current liabilities</b>				
Obligations under finance leases . . . . .	10,525	8,279	10,761	9,833
Long service payment obligations . . . . .	1,017	2,974	4,025	4,905
Deferred tax liabilities . . .	1,172	1,137	978	1,101
<b>Total non-current liabilities . . . . .</b>	<b>12,714</b>	<b>12,390</b>	<b>15,764</b>	<b>15,839</b>
<b>Net assets . . . . .</b>	<b>16,173</b>	<b>28,695</b>	<b>44,365</b>	<b>37,217</b>



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Our net current assets increased from HK\$10.9 million as at 31 March 2015 to HK\$23.3 million as at 31 March 2016, which was primarily due to: (i) the increase in amount due from a Shareholder of HK\$9.2 million due to the advance to such Shareholder; (ii) the increase in pledged bank deposits of HK\$8.4 million due to the new tender contracts awarded by government sector customers; (iii) the increase in bank balances and cash of HK\$6.6 million; and (iv) the increase in prepayments, deposits and other receivables of HK\$5.5 million due to the increase in prepaid Listing expenses of HK\$2.9 million and the increase in prepayments of HK\$1.7 million for our prepaid insurance expenses, partly offset by: (i) the increase in bank borrowings and overdrafts of HK\$12.6 million due to additional financing required for the expansion of our environmental cleaning solutions; and (ii) the increase in accruals and other payables of HK\$8.1 million primarily due to the increase in accrued wages of HK\$3.8 million attributable to the increase in the number of our tender contracts, and the accrued proceeds of HK\$3.7 million from Mr. Chan pursuant to the share subscription agreement.

Our net current assets further increased from HK\$23.3 million as at 31 March 2016 to HK\$39.1 million as at 30 September 2016, which was primarily due to: (i) the increase in pledged bank deposits of HK\$14.1 million due to the security provided to a bank to issue guarantees for new tender contracts; (ii) the decrease in bank borrowings and overdrafts of HK\$17.8 million due to the revision of borrowing arrangements, partly offset by the decrease in bank balances and cash of HK\$31.2 million due to the revision of borrowing arrangements.

### **Plant and equipment**

Our plant and equipment mainly comprise cleaning machinery and equipment, as well as specialised vehicles.

The carrying amount of our plant and equipment decreased from HK\$18.0 million as at 31 March 2015 to HK\$17.7 million as at 31 March 2016 due to the depreciation of fixed assets in accordance with the applicable accounting policies. The carrying amount of our plant and equipment further increased to HK\$21.0 million as at 30 September 2016 due to the addition of our plant and equipment (including 10 specialised vehicles) of HK\$7.3 million and the depreciation charges of HK\$4.0 million.

### **Amount due from a Shareholder**

The amount due from a Shareholder represents balances extended to Mr. C.S. Wong, a Shareholder. Such amounts increased from approximately HK\$0.3 million as at 31 March 2015 to approximately HK\$9.5 million as at 31 March 2016 due to the advance to Mr. C.S. Wong. Such amounts decreased to approximately HK\$7.1 million as at 30 September 2016 because certain balances extended to Mr. C.S. Wong were settled. The amounts due from Mr. C.S. Wong are unsecured, interest-free and repayable on demand. The amount due from Mr. C.S. Wong of approximately HK\$7.1 million has been fully settled on 29 December 2016. We do not intend to make any advances to our Shareholders in the future. See “Relationship with Controlling Shareholders – Independence of our Group – (i) Financial independence – Historical connected transaction” for details.

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### Trade receivables

Our trade receivables represent services performed by us and billings raised to our customers but not yet settled. Our trade receivables increased from HK\$38.4 million as at 31 March 2015 to HK\$41.0 million as at 31 March 2016 due to the increase in revenue generated from contracts with government sector customers. Our trade receivables further increased to HK\$65.3 million as at 30 September 2016 due to: (i) the commencement of our performance of five new tender contracts with Customer A for street cleaning solutions, refuse collection and waste disposal services up to September 2016; (ii) the commencement of our performance of 15 new contracts with government sector customers (other than Customer A) for our building cleaning solutions.

We typically allow a credit period of zero to 60 days for our customers. Turnover days of trade receivables for a year/period equal the average trade receivables divided by revenue for the relevant year/period and multiplied by 365 for a year or by 183 days for a six-month period. Average trade receivables net of impairment are calculated as the sum of the beginning balance and ending balance of trade receivables for the relevant year/period and divided by two. Our trade receivable turnover days during the Track Record Period remained stable at 44 days, 42 days and 47 days for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, respectively. We closely review outstanding trade receivables and overdue balances on an ongoing basis. We generally do not obtain collateral over trade receivables from our customers.

The following is an aged analysis of trade receivables presented based on the invoice date:

	As at 31 March		As at
	2015	2016	30 September 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 60 days . . . . .	36,746	38,993	64,068
61 to 90 days . . . . .	690	–	624
Over 91 days . . . . .	951	2,015	640
<b>Total trade receivables . . . . .</b>	<b>38,387</b>	<b>41,008</b>	<b>65,332</b>

Trade receivables that were 61 to 90 days past due decreased from approximately HK\$0.7 million as at 31 March 2015 to nil as at 31 March 2016 primarily due to the increased settlement of trade receivables from customers for building cleaning solutions. Trade receivables balance that were 61 to 90 days past due amounted to approximately HK\$0.6 million as at 30 September 2016 primarily consisted of delayed payment from customers for building cleaning solutions. Trade receivables that were over 91 days past due increased from approximately HK\$1.0 million as at 31 March 2015 to approximately HK\$2.0 million as at 31 March 2016 primarily consisted of delayed payments from customers for building cleaning solutions. Trade receivables that were over 91 days past due decreased to approximately HK\$0.6 million as at 30 September 2016 primarily due to our implementation of and adherence to enhanced credit control policies.

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Our policy for impairment loss on trade receivables is based on our assessments as to the collectability of trade receivables and aged analysis of trade receivables. We establish provisions for impairment when there are events or changes in circumstances indicating that the balances of trade receivables may not be collectible. Trade receivables that were past due but not impaired amounted to HK\$1.6 million, HK\$2.0 million and HK\$1.3 million as at 31 March 2015 and 2016 and 30 September 2016, respectively. 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 2015 and 2016 and 30 September 2016, no provision for impairment of trade receivables was made. 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.

As at 31 January 2017, the latest practicable date for determining our net current asset position, HK\$64.7 million or 99.0%, of our trade receivables as at 30 September 2016 were subsequently settled.

### Prepayments, deposits and other receivables

Prepayments, deposits and other receivables consist of deposits, prepayments, prepaid Listing expenses, tax recoverable and other receivables. Our prepayments, deposits and other receivables were HK\$3.7 million, HK\$9.2 million and HK\$9.8 million as at 31 March 2015 and 2016 and 30 September 2016, respectively.

The following table sets forth details of our prepayments, deposits and other receivables as at the dates indicated:

	As at 31 March		As at
	2015	2016	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i> <i>HK\$'000</i>
Deposits . . . . .	2,478	3,433	3,527
Prepayments . . . . .	544	2,234	3,082
Prepaid Listing expenses . . . . .	–	2,914	2,154
Tax recoverable . . . . .	–	149	–
Other receivables . . . . .	714	483	991
<b>Total prepayments, deposits and other receivables . . . . .</b>	<b>3,736</b>	<b>9,213</b>	<b>9,754</b>

Our deposits refer to performance deposits and surety bonds paid to customers for our tender contracts as required by the relevant customers. Our deposits increased from HK\$2.5 million as at 31 March 2015 to HK\$3.4 million as at 31 March 2016 primarily because we were awarded four new tender contracts by Customer A for the year ended 31 March 2016, which increased the amount of performance deposits and surety bonds that we were required to make in order to secure such tender contracts. Our deposits increased to HK\$3.5 million as at 30 September 2016 primarily because of the surety bonds required by the relevant customers.

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Our prepayments refer to payments made in advance for our expenses such as motor vehicles, employees' compensation insurance and other miscellaneous expenses. Our prepayments increased from HK\$0.5 million as at 31 March 2015 to HK\$2.2 million as at 31 March 2016 due to the increase in insurance expenses for our additional tender contracts. Our prepayments increased from HK\$2.2 million as at 31 March 2016 to HK\$3.1 million as at 30 September 2016 due to the increase in prepaid insurance and operating expenses including gasoline fee and tunnel fee expenses for our additional tender contracts.

Our prepaid Listing expenses refer to the legal, professional and other fees with respect to the Listing. We did not have any prepaid Listing expenses as at 31 March 2015. Our prepaid Listing expenses as at 31 March 2016 and 30 September 2016 amounted to HK\$2.9 million and HK\$2.2 million, respectively.

With respect to tax recoverable, we did not incur any tax recoverable as at 31 March 2015. We recorded tax recoverable of HK\$0.1 million as at 31 March 2016 due to the payment of provisional profits tax. We did not have any tax recoverable as at 30 September 2016.

Other receivables consist of minor non-recurring receivables. Our other receivables decreased from HK\$0.7 million as at 31 March 2015 to HK\$0.5 million as at 31 March 2016 due to the decrease in advanced payments for finance leases and the settlement of cash reserves advanced to our on-site supervisors for the purchase of consumables. Our other receivables increased from HK\$0.5 million as at 31 March 2016 to HK\$1.0 million as at 30 September 2016 due to the increase in cash reserves advanced to our on-site supervisors for the purchase of consumables as a result of the increase in the number of our tender contracts.

### Trade payables

Our trade payables represent payables to our suppliers. Our trade payables remained at similar levels as at 31 March 2015 and 31 March 2016, decreasing slightly from HK\$5.6 million to HK\$5.5 million. Our trade payables increased from HK\$5.5 million as at 31 March 2016 to HK\$8.4 million as at 30 September 2016, mainly due to the increase in startup cost and additional consumables and services required for new tenders secured during the six months ended 30 September 2016 from our suppliers.

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

	As at 31 March		As at
	2015	2016	30 September 2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 60 days . . . . .	5,112	4,706	7,179
61 to 90 days . . . . .	355	–	1,101
Over 91 days . . . . .	165	830	107
<b>Total trade payables . . . . .</b>	<b>5,632</b>	<b>5,536</b>	<b>8,387</b>

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Trade payables that were 61 to 90 days past due decreased from approximately HK\$0.4 million as at 31 March 2015 to nil as at 31 March 2016 primarily due to timely settlement with the relevant suppliers during the period. Trade payables that were 61 to 90 days past due increased to approximately HK\$1.1 million as at 30 September 2016 primarily due to late submission of invoices from a supplier. Trade payables that were over 91 days past due increased from approximately HK\$0.2 million as at 31 March 2015 to approximately HK\$0.8 million as at 31 March 2016 primarily due to late submission of invoices from a supplier and decreased slightly to approximately HK\$0.1 million as at 30 September 2016, due to timely submission of invoices from the relevant suppliers.

Our suppliers offer us a credit period of 60 days in average. Turnover days of trade payables for a year/period equal the average trade payables divided by total cost of sales less direct labour costs and other costs for the relevant year/period and multiplied by 365 for a year or by 183 days for a six-month period. Average trade payables are calculated as the sum of the beginning balance and ending balance of trade payables for the relevant year/period and divided by two. Our trade payable turnover days during the Track Record Period remained stable at 46 days, 47 days and 45 days for the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, respectively. We closely monitor the level of our trade payables to ensure that we settle all payables within the credit period. Our Directors confirm that we did not have material defaults in payment of trade payables during the Track Record Period.

As at 31 January 2017, the latest practicable date for determining our net current asset position, HK\$7.5 million, 89.5%, of our trade payables as at 30 September 2016 were subsequently settled.

### Accruals and other payables

Our accruals and other payables primarily consist of accrued wages, other payables, accrued audit fee and accrued Listing expenses. Other payables mainly consist of accrued proceeds received from Mr. Chan, insurance expenses, gasoline fees and other miscellaneous payables including consumables, repairs, stationery and parking fees.

	As at 31 March		As at
			30 September
	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Accrued wages . . . . .	19,382	23,208	29,460
Other payables . . . . .	936	4,652	814
Accrued audit fee . . . . .	21	62	99
Accrued Listing expenses . . . . .	–	481	489
<b>Total accruals and other payables . .</b>	<b>20,339</b>	<b>28,403</b>	<b>30,862</b>

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Our accrued wages increased from HK\$19.4 million as at 31 March 2015 to HK\$23.2 million as at 31 March 2016 primarily due to: (i) the increase in the number of our tender contracts; and (ii) the increase in provisions made for severance payments for our former employees in light of the expiration of one contract in February 2016. Our accrued wages increased from HK\$23.2 million as at 31 March 2016 to HK\$29.5 million as at 30 September 2016 primarily due to the wage payment for the staff employed under the five new tender contracts for street cleaning solutions, refuse collection and waste disposal services with Customer A secured during the six months ended 30 September 2016. Our other payables increased from HK\$0.9 million as at 31 March 2015 to HK\$4.7 million as at 31 March 2016 and decreased to HK\$0.8 million as at 30 September 2016 primarily due to the accrued proceeds of HK\$3.7 million as at 31 March 2016 from Mr. Chan pursuant to the share subscription agreement, respectively. Our accrued audit fee amounted to approximately HK\$21,000, HK\$62,000 and HK\$99,000 as at 31 March 2015 and 2016 and 30 September 2016, respectively. Our accrued Listing expenses as at 31 March 2016 and 30 September 2016 amounted to approximately HK\$0.5 million and HK\$0.5 million, respectively.

### *Capital Expenditure*

Our capital expenditure consists primarily of purchase of cleaning machinery and equipment, as well as specialised vehicles. In determining whether to purchase cleaning machinery and equipment, as well as specialised vehicles, we assess whether our current cleaning machinery and equipment, as well as specialised vehicles can facilitate our business needs and customer requirements specified in the contracts. The table below sets forth our capital expenditure for the periods indicated:

	Year ended 31 March		Six months ended 30 September
	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Total capital expenditure . . . . .</b>	<b>4,679</b>	<b>7,033</b>	<b>7,269</b>

Our capital expenditure increased from HK\$4.7 million for the year ended 31 March 2015 to HK\$7.0 million for the year ended 31 March 2016 primarily due to the additional purchase of our cleaning machinery and equipment, as well as specialised vehicles. Our capital expenditure increased to HK\$7.3 million for the six months ended 30 September 2016 primarily due to the significant increase in purchase of our office equipment, cleaning machinery and equipment, as well as specialised vehicles.

We anticipate that we will finance our capital expenditure using cash generated from our operating activities and bank borrowings and overdrafts, the net proceeds from the Share Offer and other funds raised from capital markets from time to time, as and when necessary and appropriate. The estimated amounts of expenditures may vary from the actual amounts of expenditures for a variety of reasons, including changes in market conditions, competition and

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other factors. Taking into account the financial resources available to us, our Directors believe that we will have sufficient capital resources to satisfy our currently planned capital requirements. For more information on our business strategies and the use of net proceeds from the Share Offer, see “Business – Our Business Strategies” and “Future Plans and Use of Proceeds” respectively.

Our current plan in respect of future capital expenditure is subject to changes based on the evolution of our business plan, including potential acquisitions, the progress of our capital projects, market conditions and our outlook of future business conditions. As we continue to expand, we may incur additional capital expenditure. Other than as required by law, we do not undertake any obligation to publish updates of our capital expenditure plans.

### *Indebtedness*

#### **Bank borrowings**

We financed our operations primarily through cash flows from operations and interest-bearing bank borrowings during the Track Record Period. The following table sets forth a summary of our indebtedness as at the dates indicated:

As at 31 March 2015			
	Effective interest rate	Maturity	HK\$'000
Current			
Bank loans – secured . . . . .	2.00-7.50	60 days	29,192
Bank overdrafts – secured . . . . .	1.75	n/a	2,794
			31,986
As at 31 March 2016			
	Effective interest rate	Maturity	HK\$'000
Current			
Bank loans – secured . . . . .	4.69-7.50	60 days	43,923
Bank overdrafts – secured . . . . .	3.50	n/a	624
			44,547
As at 30 September 2016			
	Effective interest rate	Maturity	HK\$'000
Current			
Bank loans – secured . . . . .	2.05-7.50	60 days	26,627
Bank overdrafts – secured . . . . .	3.50	n/a	72
			26,699

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As at 31 January 2017			
	Effective interest rate	Maturity	HK\$'000
Current			
Bank loans – secured . . . . .	2.05-7.50	60 days	33,518
Bank overdrafts – secured . . . . .	3.50	n/a	1,325
			34,843

We obtain bank borrowings in the form of bank loans and bank overdrafts primarily for expanding our business and meeting working capital requirements. Our bank borrowings increased from HK\$32.0 million as at 31 March 2015 to HK\$44.5 million as at 31 March 2016 due to the increase in the number of our tender contracts. Our bank borrowings decreased from HK\$44.5 million as at 31 March 2016 to HK\$26.7 million as at 30 September 2016 due to changes in our borrowing arrangements to reduce our interest charges. As at 31 March 2015 and 2016 and 30 September 2016, our bank loans bore interest at floating rates ranging from 2.00% to 7.50%, 4.69% to 7.50%, and 2.05% to 7.50% on an annual basis, respectively. As at 31 March 2015 and 2016 and 30 September 2016, our bank overdrafts bore interest at floating rates of 1.75%, 3.50% and 3.50% on an annual basis, respectively.

During the Track Record Period, all of our banking facilities were secured by pledged assets consisting of one or more of the following: (i) trade receivables; (ii) cash deposit; (iii) unlimited personal guarantees provided by our Directors; and (iv) cash deposits and properties of our Directors.

Our bank borrowing agreements contain standard terms, conditions and covenants that are customary for commercial bank borrowings in Hong Kong. Such covenants primarily include requirements for us to notify and obtain written approval from the lending bank in advance in certain events, including, among others, merger or consolidation, division, share transfer, investments in other companies and material debt financing. We are required to notify the lending bank of the occurrence of certain events, including but not limited to, material financial losses, bankruptcy, dissolution, material connected transactions, as well as litigations or penalties that have a material impact on our operations and financial condition. During the Track Record Period and as at the Latest Practicable Date, we did not experience any difficulties in obtaining bank borrowings or withdrawal of facilities, requests for early repayment, default in payments or breach of financial covenants of our bank borrowing agreements.

As at 30 September 2016, we had a total banking facility amount of approximately HK\$117.1 million, of which approximately HK\$68.1 million had been utilised. As at 31 January 2017, the latest practicable date for determining our indebtedness, we had outstanding bank borrowings of approximately HK\$34.8 million, which were secured by our trade receivables of approximately HK\$35.8 million. Part of the bank borrowings were also secured by guarantees provided by our subsidiaries. A majority of our bank borrowings are due within 60 days. Variable-rate borrowings, which included HK\$33.5 million as at 31 January 2017, bore interest at floating rates ranging from 1.50% to 7.50% on an annual basis. As at



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31 January 2017, our aggregate banking facilities amounted to approximately HK\$116.2 million, of which approximately HK\$40.3 million remained unutilised. Such banking facilities are unrestricted and may be drawn down at any time. Our Directors confirm that we did not have material defaults in payment of bank and other borrowings during the Track Record Period.

During the Track Record Period, we pledged certain assets to banks and other financial institutions to secure banking facilities granted to our Group. Set out below is a summary of our pledge of assets as at the dates indicated:

	As at 31 March		As at 30 September	As at 31 January
	2015	2016	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(unaudited)</i>
Trade receivables . . . . .	20,484	24,407	27,285	35,812
Pledged bank deposits . .	3,275	11,654	25,758	25,758
<b>Total . . . . .</b>	<b>23,759</b>	<b>36,061</b>	<b>53,043</b>	<b>61,570</b>

As confirmed by our Directors, the bank deposits were pledged solely to secure our banking facilities and no other use is permitted for such bank deposits. For so long as the banking facilities continue to be granted to us, such bank deposits will remain to be so pledged.

Given our credit history and relationships with our principal lenders and our current credit status, we believe that we will not encounter any major difficulties in obtaining additional bank borrowings notwithstanding the recent global financial market volatility.

### **Obligations under finance leases**

We enter into finance lease agreements for certain of our vehicles. The average lease terms were five years during the Track Record Period. The effective interest rate for the obligations under finance leases during the Track Record Period ranged from 1.80% to 3.75% per annum. Our obligations under finance leases remained at similar levels during the Track Record Period, amounting to HK\$17.7 million, HK\$16.6 million and HK\$19.2 million as at 31 March 2015 and 2016 and 30 September 2016, respectively.

As at 31 January 2017, we had obligations under finance leases of HK\$16.7 million, of which HK\$6.9 million was repayable within one year. Such obligations under finance leases were secured by the lessor's charge over the leased assets and pledged by the equity interest of certain subsidiaries.

### ***Contingent Liabilities***

We had 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 2015 and 2016, 30 September 2016 and 31 January 2017, the amounts of the pledged deposits to banks as security for banking facilities were HK\$3.3 million, HK\$11.7 million, HK\$25.8 million and HK\$25.8 million, respectively.

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Our Directors confirm that, as at the Latest Practicable Date, there has been no material change in the indebtedness, capital commitment and contingent liabilities since 30 September 2016. As at the Latest Practicable Date, we did not have any plan to raise any material debt financing shortly after the Listing.

Save as disclosed in this prospectus, as at 31 January 2017, other than the bankers' guarantees on performance bonds, we did not have any outstanding debt securities, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

### *Commitments*

#### **Capital commitment**

We did not have any capital commitment at the end of each year or period during the Track Record Period.

#### **Operating lease commitment**

We lease our offices under operating lease arrangements, with leases negotiated for terms of two years. The following table sets forth our commitments for future minimum lease payments under non-cancellable operating leases as at the dates indicated:

	<b>As at 31 March</b>		<b>As at</b>
	<b>2015</b>	<b>2016</b>	<b>30 September</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<b>2016</b>
			<i>HK\$'000</i>
Within one year . . . . .	228	239	284
In the second to fifth years, inclusive . .	119	34	136
<b>Total . . . . .</b>	<b>347</b>	<b>273</b>	<b>420</b>

### *Related Party Transactions*

During the Track Record Period, we (i) leased office space from, (ii) received guarantees from, and (iii) made advances to, our related parties. See "Connected Transactions" for details.

#### **Lease of office space**

During the Track Record Period, we entered into two tenancy agreements with a related party to lease office space. The transactions were conducted at terms determined on a basis mutually agreed between us and such related party. For the years ended 31 March 2015 and 2016 and the six months ended 30 September 2016, our rental expenses under these two tenancy agreements amounted to approximately HK\$0.3 million, HK\$0.3 million and HK\$0.2 million, respectively.

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See note 29 to the Accountants' Report attached as Appendix I to this prospectus.

### **Guarantees by related parties**

During the Track Record Period, some of our banking facilities, including bank borrowings and overdrafts, were secured by (i) personal guarantees jointly provided by our Directors; and (ii) certain cash deposits and properties of our Directors. As at 31 March 2015 and 2016 and 30 September 2016, our total banking facilities amounted to HK\$71.4 million, HK\$104.3 million and HK\$117.1 million, respectively. The personal guarantees and assets pledged will be released upon Listing.

See notes 25 and 30 to the Accountants' Report attached as Appendix I to this prospectus.

### **Repayment of advances from a related party**

During the Track Record Period, we recorded repayment of advances from a Shareholder. The repayment of advances from such Shareholder relate to advances made in 2015 and were unsecured, interest-free and repayable on demand. As at 31 March 2015 and 2016 and 30 September 2016, the amounts due from a Shareholder were approximately HK\$0.3 million, HK\$9.5 million and HK\$7.1 million, respectively. The amount due from a Shareholder has been fully settled on 29 December 2016.

Our independent internal control consultant, SHINEWING Risk, has reviewed and tested our internal control measures, including control measures in relation to segregation of duties. We have implemented rectification and improvement measures, as the case may be, in response to SHINEWING Risk's findings. SHINEWING Risk has completed the follow-up procedures on our internal control system with regard to our rectification and improvement actions, as the case may be.

See note 17 to the Accountants' Report attached as Appendix I to this prospectus.

### **Key Financial Ratios**

The following table sets forth certain key financial ratios as at the dates or for the periods indicated:

	As at/Year ended 31 March		As at/Six months ended 30 September
	2015	2016	2016
Current ratio <sup>(1)</sup> . . . . .	1.2	1.3	1.5
Gearing ratio <sup>(2)</sup> . . . . .	197.8%	155.2%	60.2%
Return on total asset ratio <sup>(3)</sup> . . . . .	15.0%	9.8%	N/A
Return on equity ratio <sup>(4)</sup> . . . . .	88.8%	43.6%	N/A
Interest coverage <sup>(5)</sup> . . . . .	7.5	6.7	6.7
Debt-to-equity ratio <sup>(6)</sup> . . . . .	N/A	20.2%	43.2%

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*Notes:*

- (1) Current ratio represents current assets divided by current liabilities as at the end of a year/period.
- (2) Gearing ratio represents interest bearing liabilities (the total interest bearing loans including bank borrowings and overdrafts) divided by total equity as at the end of a year/period.
- (3) Return on total asset ratio represents net profit for a year divided by total assets as at the end of a year.
- (4) Return on equity ratio represents net profit for a year divided by issued share capital and reserves as at the end of a year.
- (5) Interest coverage represents profit before interest and tax divided by interest expenses for the year/period.
- (6) Debt-to-equity ratio represents net debt divided by total equity as at the end of a year/period.

### **Current ratio**

Our current ratio remained at similar levels during the Track Record Period. The slight increase of our current ratio from 1.2 as at 31 March 2015 to 1.3 as at 31 March 2016 and further to 1.5 as at 30 September 2016 was mainly due to the increase in our trade receivables, which was in line with the increase in our revenue. Given that we did not maintain any inventory during the Track Record Period, our quick ratio was the same as our current ratio during the Track Record Period.

### **Gearing ratio**

Our high gearing ratio during the Track Record Period was due to the high level of bank borrowings and overdrafts for our general business operations. The decrease in our gearing ratio from 197.8% as at 31 March 2015 to 155.2% as at 31 March 2016 was primarily due to the increase in our reserves. Our gearing ratio further decreased to 60.2% as at 30 September 2016, which was mainly due to the change in our bank borrowing arrangements. Specifically, we increased our bank borrowings at the beginning instead of at the end of each month to pay for staff salaries for the previous month. We then used payments from our customers to repay our bank borrowings at the end of each month. As such, the change in our bank borrowing arrangement decreased our bank borrowings at the end of each month, which in turn lowered our gearing ratio.

### **Return on total assets ratio**

The decrease in our return on total assets from 15.0% for the year ended 31 March 2015 to 9.8% for the year ended 31 March 2016 was due to the decrease in our net profit and the increase in our bank balances and cash.

### **Return on equity ratio**

The decrease in our return on equity ratio from 88.8% for the year ended 31 March 2015 to 43.6% for the year ended 31 March 2016 was mainly due to the increase in our accumulated retained earnings and the slight decrease in our profit.

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### **Interest coverage ratio**

The decrease in our interest coverage ratio from 7.5 for the year ended 31 March 2015 to 6.7 for the year ended 31 March 2016 was due to the decrease in our net profit. Our interest coverage remained the same of 6.7 for the six months ended 30 September 2016.

### **Debt-to-equity ratio**

Our debt-to-equity ratio as at 31 March 2015 was not applicable. The increase in our debt-to-equity ratio from 20.2% as at 31 March 2016 to 43.2% as at 30 September 2016 was mainly due to the decrease in bank balance and cash to repay the bank loan and increase in total trade receivables from expanded business size.

### ***Quantitative and Qualitative Disclosures about Market Risk***

The main risks arising from our financial instruments are credit risk, interest rate risk and liquidity risk. Generally, our senior management members meet regularly to analyse and monitor exposures to these risks in order to ensure the implementation of appropriate measures. As our exposure to these risks is kept to minimum, we have not used any derivatives and other instruments for hedging purposes. We do not hold or issue derivative financial instruments for trading purposes. Our Board reviews and agrees policies for managing each of the risks summarised below.

### **Credit risk**

The carrying amount of our loans and receivables, including bank balances and cash, represent our maximum exposure to credit risk in relation to financial assets. We have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that we are able to recover debts that are overdue. In addition, we review the recoverability of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts.

Further quantitative data in respect of our exposure to credit risk arising from trade receivables are disclosed in note 6(b) of the Accountants' Report attached as Appendix I to this prospectus.

### **Interest rate risk**

Our exposure to fair value interest rate risk relates primarily to fixed-rate obligations under our finance leases. We do not have an interest rate hedging policy. However, we keep our bank borrowings and overdrafts at floating interest rate so as to minimise the fair value interest rate risk. Further, we monitor interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

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The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of our post-tax profit, through the impact on floating rate borrowings:

Increase/(decrease) in basis points of the interest rate	Increase/(decrease) in post-tax profit		
	Year ended 31 March		Six months ended 30 September
	2015	2016	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
100	29	49	28
(100)	(29)	(49)	(28)

### Liquidity risk

Our liquidity is primarily dependent on our ability to maintain adequate cash inflows 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.

The following table sets forth the maturity profile of our financing liabilities as at the dates indicated, based on the contractual undiscounted payments:

	Within one year or on demand	One to two years	Two to five years	Total undiscounted cash flows	Carrying amount
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>As at 31 March 2015</b>					
Trade payable . . . . .	5,632	–	–	5,632	5,632
Accruals and other payables. . . . .	20,330	–	–	20,330	20,330
Obligations under finance leases. . . . .	7,901	7,349	3,951	19,201	17,689
Bank borrowings and overdrafts. . . . .	33,821	–	–	33,821	31,986
Financial guarantee contracts . . . . .	21,000	–	–	21,000	–
	<u>88,684</u>	<u>7,349</u>	<u>3,951</u>	<u>99,984</u>	<u>75,637</u>
<b>As at 31 March 2016</b>					
Trade payable . . . . .	5,536	–	–	5,536	5,536
Accruals and other payables. . . . .	28,398	–	–	28,398	28,398
Obligations under finance leases. . . . .	9,046	5,188	3,724	17,958	16,573
Bank borrowings and overdrafts. . . . .	47,147	–	–	47,147	44,547
Financial guarantee contracts . . . . .	34,200	–	–	34,200	–
	<u>124,327</u>	<u>5,188</u>	<u>3,724</u>	<u>133,239</u>	<u>95,054</u>

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	<b>Within one year or on demand</b>	<b>One to two years</b>	<b>Two to five years</b>	<b>Total undiscounted cash flows</b>	<b>Carrying amount</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>As at 30 September 2016</b>					
Trade payable . . . . .	8,387	–	–	8,387	8,387
Accruals and other payables. . . . .	30,862	–	–	30,862	30,862
Obligations under finance leases. . . . .	9,325	4,584	7,043	20,952	19,242
Bank borrowings and overdrafts. . . . .	28,033	–	–	28,033	26,699
Financial guarantee contracts . . . . .	41,448	–	–	41,448	–
	<u>118,055</u>	<u>4,584</u>	<u>7,043</u>	<u>129,682</u>	<u>85,190</u>

### DIVIDENDS

On 2 February 2015, we declared and paid dividends of HK\$6.0 million in respect of the year ended 31 March 2015 to our then shareholders. We declared special dividends in the amount of HK\$13.0 million to our existing Shareholders on 7 November 2016. HK\$8.0 million of the special dividends was paid on 15 December 2016, and the remaining HK\$5.0 million was paid on 25 January 2017. Part of the paid dividend, amounting to approximately HK\$3.1 million, has been used to settle an amount due from a Shareholder of approximately HK\$7.1 million as at 30 September 2016 to our Group. The amount due from a Shareholder of approximately HK\$7.1 million has been fully settled on 29 December 2016. See “Relationship with Controlling Shareholders – Independence of our Group – (i) Financial independence – Historical connected transaction” for details.

Our Board is responsible for submitting proposals in respect of dividend payments, if any, to the Shareholder’s general meeting for approval. Our Shareholders shall be entitled to receive dividends only when declared by our Directors. Declaration of dividends is subject to the discretion of our Directors, and will depend on various factors including our results of operations, working capital, financial position, capital adequacy ratio, future business prospects, contractual, statutory and regulatory restrictions on the payment of dividends by us and other factors that the Board may deem relevant.

Prospective investors should note that historical dividend distributions are not indicative of our future dividend distribution policy, and there is no assurance that we will be able to declare or distribute any dividend in the future.

### OFF-BALANCE SHEET ARRANGEMENTS

An off-balance sheet arrangement is any transaction, agreement or other contractual arrangement involving another entity under which we have made guarantees or any obligation arising out of a material variable interest in another entity that provides financing, liquidity, market risk or credit risk support to us, or that engages in leasing, hedging, or research and development arrangements with us. As at 30 September 2016, we did not have any off-balance sheet arrangements.

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## FINANCIAL INFORMATION

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### **DISTRIBUTABLE RESERVES**

As at 30 September 2016, our distributable reserves available for distribution to our Shareholders amounted to HK\$44.4 million.

### **LISTING EXPENSES**

The total estimated Listing expenses (including underwriting commissions) in connection with the Share Offer are HK\$27.7 million (assuming that the Offer Price is HK\$0.30 per Offer Share, being the mid-point of the indicative Offer Price range, and that the Offer Size Adjustment Option is not exercised), of which HK\$8.8 million is directly attributable to the issue of the Offer Shares under the Share Offer and is expected to be accounted for as a deduction from equity in accordance with the relevant accounting standards. For the remaining Listing expenses of HK\$18.9 million, HK\$1.2 million and HK\$3.5 million were charged to our consolidated statement of profit or loss for the year ended 31 March 2016 and the six months ended 30 September 2016, respectively. The remaining HK\$14.2 million will be charged to our consolidated statement of profit or loss for the year ending 31 March 2017.

The Listing expenses above are an estimate as at the latest practicable date for determining such expenses and are for reference only. The final amount of Listing expenses to be recognised in the consolidated financial statements of our Group for the year ending 31 March 2017 is subject to adjustment based on audit and the then changes in variables and assumptions. Prospective investors should note that the financial performance of our Group for the year ending 31 March 2017 is expected to be adversely affected by the estimated non-recurring Listing expenses mentioned above, and may or may not be comparable to the financial performance of our Group in the past.

### **UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS**

The following statements of our unaudited pro forma adjusted net tangible assets attributable to our Shareholders are prepared based on our consolidated net assets as at 30 September 2016 as described below. The statements of unaudited pro forma adjusted net tangible assets attributable to our Shareholders have been prepared for illustrative purposes only, and because of their nature, they may not give a true picture of our financial position as at 30 September 2016 or as at any future date following the Share Offer.



## FINANCIAL INFORMATION

The statements of unaudited pro forma adjusted net tangible assets attributable to our Shareholders have been prepared to show the effect of the Share Offer on our consolidated net tangible assets attributable to our Shareholders as at 30 September 2016 as if it had taken place on 30 September 2016. The unaudited pro forma adjusted net tangible asset per Share attributable to our Shareholders is calculated in accordance with Rule 7.31 of the GEM Listing Rules.

	Audited consolidated net tangible assets of our Group attributable to the owners of our Company as at 30 September 2016	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of our Company immediately after the completion of the Share Offer	Unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to the owners of our Company per Share as at 30 September 2016
	<i>(Note 1)</i> HK\$'000	<i>(Note 2)</i> HK\$'000	<i>(Note 3)</i> HK\$'000	<i>(Note 4)</i>
Based on the Offer Price of HK\$0.28 per Offer Share. . . . .	44,365	19,241	63,606	0.11
Based on the Offer Price of HK\$0.32 per Offer Share. . . . .	44,365	24,881	69,246	0.12

*Notes:*

- The audited consolidated net tangible assets of our Group attributable to owners of the Company as at 30 September 2016 has been extracted from the Accountants' Report as set out in Appendix I to this prospectus.
- The estimated net proceeds of the Share Offer are based on 150,000,000 Offer Shares and the respective Offer Price of HK\$0.28 or HK\$0.32 per Offer Share, being the low end and high end of the indicative Offer Price range, respectively, after deduction of the Listing-related expenses to be incurred by our Group. No account has been taken of the Shares which may be allotted and issued upon the exercise of the Offer Size Adjustment Option or any options that may be granted under the Share Option Scheme.
- The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 600,000,000 Offer Shares in issue immediately following the completion of the Capitalisation Issue and the Share Offer as set out in "Share Capital." It does not take into account any Shares which may be issued upon the exercise of the Offer Size Adjustment Option or any options that may be granted under the Share Option Scheme.
- The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the Company and the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the Company per Share have not taken into account the special dividend declared on 7 November 2016 for payment to the then shareholders of the Company amounting to HK\$13.0 million. The unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the Company as at 30 September 2016 would have been reduced to HK\$50.6 million and HK\$56.2 million, respectively, and the unaudited pro forma adjusted consolidated net tangible assets of our Group attributable to owners of the Company per Share would have been reduced to HK\$0.08 and HK\$0.09 per Share, based on the Offer Price of HK\$0.28 and HK\$0.32 per Share, respectively, after taking into account the dividend payment in the amount of HK\$13.0 million.
- No adjustment has been made to the unaudited pro forma adjusted net tangible assets to reflect any trading results or other transactions of our Group entered into subsequent to 30 September 2016.

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## FINANCIAL INFORMATION

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### DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances which would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

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## FUTURE PLANS AND USE OF PROCEEDS

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### BUSINESS OBJECTIVES AND STRATEGIES

For a detailed discussion of our business strategies, please refer to “Business – Our Business Strategies.”

### IMPLEMENTATION PLANS

We set forth below our implementation plans in pursuance of our business strategies. Prospective investors should note that the following implementation plans are formulated on the bases and assumptions as referred to in “– Bases and Key Assumptions” in this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set forth in “Risk Factors.” Our actual course of business may vary from the business objectives set out in this prospectus. There can be no assurance that our business plans will materialise in accordance with the expected time frame or that our business objectives will be accomplished at all.

*For the Period from the Latest Practicable Date to 31 March 2017*

Objectives	Approximate Amount
1. Purchase of specialised vehicles	
– One suction sweeper	HK\$2,000,000
– Two 16-ton water wagons	HK\$1,460,000
– One 16-ton grab lorry	HK\$1,050,000
Subtotal	HK\$4,510,000
2. Repayment of bank loans	
Subtotal	HK\$4,925,000
3. Sales and marketing activities to promote brand awareness	
– Recruitment of one senior marketing officer and one assistant marketing officer	HK\$58,000
– Printing of company brochures and leaflets, advertising in newspapers and magazines, and bolstering company website	HK\$20,000
Subtotal	HK\$78,000
4. Purchase of automated cleaning machinery and equipment	
– Seven hot water pressure washers	HK\$150,500
– 15 cold water pressure washers	HK\$87,000
– 15 water suction cleaners	HK\$84,000
– One marble floor refinishing machine	HK\$42,000
– One automated floor cleaning machine	HK\$33,800
– One lawn mower	HK\$4,500
Subtotal	HK\$401,800

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## FUTURE PLANS AND USE OF PROCEEDS

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*For the Six Months Ending 30 September 2017*

Objectives	Approximate Amount
1. Purchase of specialised vehicles	
– One 30-ton hook-lift truck	HK\$1,200,000
Subtotal	HK\$1,200,000
2. Sales and marketing activities to promote brand awareness	
– Recruitment of one senior marketing officer and one assistant marketing officer	HK\$348,000
– Printing of company brochures and leaflets, advertising in newspapers and magazines, and bolstering company website	HK\$50,000
Subtotal	HK\$398,000
3. Purchase of automated cleaning machinery and equipment	
– Six hot water pressure washers	HK\$129,000
– 40 pest control machines	HK\$84,000
– 15 water suction cleaners	HK\$84,000
– Six power generators	HK\$52,800
– One marble floor refinishing machine	HK\$42,000
– One automated floor cleaning machine	HK\$33,800
– Ten vacuum cleaners	HK\$18,000
– Two lawn mowers	HK\$9,000
– Two air blowers	HK\$5,600
Subtotal	HK\$458,200

*For the Six Months Ending 31 March 2018*

Objectives	Approximate Amount
1. Purchase of specialised vehicles	
– One 16-ton grab lorry	HK\$1,050,000
– Two water wagons	HK\$1,460,000
Subtotal	HK\$2,510,000
2. Sales and marketing activities to promote brand awareness	
– Employment of one senior marketing officer and one assistant marketing officer	HK\$348,000
– Printing of company brochures and leaflets, advertising in newspapers and magazines, and bolstering company website	HK\$50,000
Subtotal	HK\$398,000

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## FUTURE PLANS AND USE OF PROCEEDS

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Objectives	Approximate Amount
3. Purchase of automated cleaning machinery and equipment	
– Ten hot water pressure washers	HK\$215,000
– 20 water suction cleaners	HK\$112,000
– Ten power generators	HK\$88,000
– Two lawn mowers	HK\$9,000
Subtotal	HK\$424,000

*For the Six Months Ending 30 September 2018*

Objective	Approximate Amount
1. Sales and marketing activities to promote brand awareness	
– Employment of one senior marketing officer and one assistant marketing officer	HK\$348,000
– Printing of company brochures and leaflets, advertising in newspapers and magazines, and bolstering company website	HK\$50,000
Subtotal	HK\$398,000

*For the Six Months Ending 31 March 2019*

Objective	Approximate Amount
1. Sales and marketing activities to promote brand awareness	
– Employment of one senior marketing officer and two assistant marketing officers	HK\$348,000
– Printing of company brochures and leaflets, advertising in newspapers and magazines, and bolstering company website	HK\$50,000
Subtotal	HK\$398,000
<b>Total</b>	<b>HK\$16,099,000</b>

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## FUTURE PLANS AND USE OF PROCEEDS

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### BASES AND KEY ASSUMPTIONS

Prospective investors should note that the attainability of our business objectives depends on the following general and specific assumptions:

- we will have sufficient financial resources to meet the planned capital expenditure and business development needs during the periods to which our business objectives relate;
- we will not be materially or adversely affected by any change in the existing social, political, economic or legal environment (including changes in legislations, regulations or rules) in Hong Kong;
- there will be no material change in the funding requirements for each of the implementation plans described in this section from the amount as estimated by our Directors;
- there will be no material change in the bases or rates of taxation applicable and chargeable to our business activities;
- there will be no disasters, whether natural, political, economic, legal or otherwise, which would materially disrupt and adversely affect our business or operations or cause substantial loss, damage or destruction to our properties or facilities;
- we will not be materially affected by any of the risk factors set out in “Risk Factors;”
- our operating activities will not be adversely affected by critical labour shortages and disputes, or any other factors outside of our control such as government acts;
- we will be able to retain our key management and personnel in our operations;
- there will be no change in the effectiveness of the licences and permits obtained by us, and we will continue to be able to renew all licences and permits; and
- we will be able to continue our operations in substantially the same manner as it has been operating during the Track Record Period, and we will also be able to carry out our development plans without material disruptions to our business.

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## FUTURE PLANS AND USE OF PROCEEDS

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### REASONS FOR THE SHARE OFFER

Our operations require a significant amount of financing. As part of our strategies set forth “Business – Our Business Strategies,” we plan to expand our capacity for undertaking a greater number of projects and to invest in our brand awareness and reputation. Specifically, we intend to increase our capacity for undertaking a greater number of projects through acquiring additional specialised vehicles, cleaning machinery and equipment.

We had bank balances and cash of HK\$22.0 million and unutilised banking facilities of HK\$40.3 million as at 31 January 2017. Our bank balances and cash are reserved as our Group’s working capital for daily operations. The Group’s unutilised banking facilities are short-term loans, 85.4% of which are invoice financing loans. Although the Group’s total unutilised banking facilities for invoice financing amount to HK\$40.3 million, the Group is subject to a condition that it can only draw down up to a certain percentage of the invoice amount for each invoice presented to the relevant bank. The drawdown period is stipulated with reference to the credit period we grant to our customers. See “Business – Customers, Pricing Policy and Contracting – Credit Policy” for details. In addition, as confirmed by the Group, the Group reserves these unutilised banking facilities as contingency financing facilities for our operational needs in case of any delay in payment by our customers. In view of the said condition and the need to reserve the unutilised banking facilities for contingency purpose, the Directors are of the view that the unutilised banking facilities are not used for and are unsuitable for financing the purchase of additional machinery, equipment and specialised vehicles.

During the Track Record Period, the Group had entered into finance lease arrangements for motor vehicles. Should the Group enter into further finance lease arrangements and/or obtain banking facilities to finance the purchase of additional machinery, equipment and specialised vehicles, the Group’s gearing ratio will rise, and additional interest costs will be incurred. Such alternative measures may adversely affect the Group’s profit margin and are not cost effective from the viewpoint of the Group. Further, our Directors consider that, as a group of private companies, the Group, without a listing status, would face difficulty in obtaining banking facilities without guarantees or other form of securities provided by our Controlling Shareholders. Our Directors believe that a listing status could also help enhance our creditworthiness to banks in order to facilitate our future financing needs, and the Listing will provide a platform for our fund raising in the future through equity financing with enhanced liquidity of the Shares which will be freely traded on the Stock Exchange when compared to limited liquidity of the Shares when they are privately held before the Listing.

Given that the implementation of our strategies will require considerable additional financial resources, as described in detail in this section, we believe that the proceeds from the Share Offer and a public listing status will strengthen our financial position and enhance our corporate profile in the environmental cleaning services industry in Hong Kong, thereby providing us with more leverage and competitive advantages in the tendering process as well as during negotiations with customers. Moreover, as our operations require a significant amount of working capital to support the continued growth of our operations and project capacity, a public listing would enable us to gain access to the capital markets to raise funds both at the time of the Share Offer and at later stages, which would in turn enable us to further develop our business.

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## FUTURE PLANS AND USE OF PROCEEDS

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Furthermore, a public listing status would offer us a broader shareholder base which could potentially lead to a more liquid market in the trading of our Shares, and assist in the enhancement of our internal control and corporate governance practices.

### USE OF PROCEEDS

The net proceeds from the issue of the Offer Shares (after deducting the estimated expenses of HK\$27.7 million in connection with the Listing) will be approximately HK\$17.3 million based on the Offer Price of HK\$0.30 per Offer Share (being the mid-point of the indicative Offer Price range from HK\$0.28 to HK\$0.32 per Offer Share).

We presently intend to apply such net proceeds as follows:

- approximately 47.4% of the net proceeds, or approximately HK\$8.2 million, for the purchase of new specialised vehicles;
- approximately 28.4% of the net proceeds, or approximately HK\$4.9 million, for the repayment of loans;
- approximately 9.6% of the net proceeds, or approximately HK\$1.7 million, for sales and marketing activities;
- approximately 7.4% of the net proceeds, or approximately HK\$1.3 million, for the purchase of new automated cleaning machinery and equipment; and
- the balance of approximately 7.2% of the net proceeds, or approximately HK\$1.2 million, for use as our general working capital and other general corporate purposes.

Based on our assessment of the resources and manpower required for each project, our management closely monitors the allocation of our machinery, equipment and specialised vehicles to facilitate our business operations. During the Track Record Period, our Group was able to fulfill its contractual obligations and duly perform its services with our then resources by allocating the machinery, equipment and specialised vehicles and coordinating the work schedules among various projects.

Based on our past experience and our plan to enhance our work efficiency and service quality, we foresee that there will be a further increase in our need for machinery, equipment and specialised vehicles, having considered the potential increase in the number of projects and resource allocation.



## FUTURE PLANS AND USE OF PROCEEDS

In light of our Group's (i) current available cash balance, (ii) current gearing ratio, and (iii) the above said, we are of the view that maintaining a sizeable fleet of specialised vehicles as well as acquiring additional machinery and equipment by equity financing will enable us to undertake more contracts to provide cleaning services to our customers.

	Upon Listing to 31 March 2017	For the six months ending 30 September 2017	For the six months ending 31 March 2018	For the six months ending 30 September 2018	For the six months ending 30 March 2019	Total	Approximate percentage of net proceeds  (%)
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)	
Purchase specialised vehicles . . . . .	4,510.0	1,200.0	2,510.0	-	-	8,220.0	47.4
Repayment of bank loans . . . . .	4,925.0	-	-	-	-	4,925.0	28.4
Sales and marketing activities . . . . .	78.0	398.0	398.0	398.0	398.0	1,670.0	9.6
Purchase of automated cleaning machinery and equipment . . . . .	401.8	458.2	424.0	-	-	1,284.0	7.4
General working capital . . . . .	68.2	384.4	330.0	458.4	-	1,241.0	7.2
<b>Total . . . . .</b>	<b>9,983.0</b>	<b>2,440.6</b>	<b>3,662.0</b>	<b>856.4</b>	<b>398.0</b>	<b>17,340.0</b>	<b>100.0</b>

With respect to repayment of bank loans, we intend to use approximately HK\$4.9 million (approximately 28.4% of the net proceeds) for repayment of our bank loans to reduce our interest expenses. The bank loans are short term in nature which generally have a maturity date of 60 days and be settled on or upon due date. As at 31 March 2015 and 2016 and 30 September 2016, the bank loans bore interest at floating rates ranging from 2.00% to 7.50%, 4.69% to 7.50%, and 2.05% to 7.50% on an annual basis, respectively. As at 31 March 2015 and 2016 and 30 September 2016, our bank overdrafts bore interest at floating rates of 1.75%, 3.50% and 3.50% on an annual basis, respectively. The loans were utilised for our working capital purposes. See "Financial Information – Management's Discussion and Analysis of Financial Condition and Results of Operations – Indebtedness" for details. The Directors believe that the repayment of loans by the use of proceeds can effectively lower our bank borrowing level and hence enhance our profitability.

In the event that the Offer Price (assuming that the Offer Size Adjustment Option is not exercised) is set at the high-end or the low-end of the indicative Offer Price range, the net proceeds from the Share Offer will increase or decrease by approximately HK\$2.8 million to, high-end of approximately HK\$20.1 million and low-end of approximately HK\$14.5 million, after deducting related expenses, respectively. In such an event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro rata basis.

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## FUTURE PLANS AND USE OF PROCEEDS

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If the Offer Size Adjustment Option is exercised in full, the estimated net proceeds from the Share Offer will increase to approximately (i) HK\$20.4 million (assuming that the final Offer Price is set at the lowest of the indicative Offer Price range); (ii) HK\$23.7 million (assuming that the final Offer Price is set at the mid-point of the indicative Offer Price range); and (iii) HK\$26.9 million (assuming that the final Offer Price is set at the highest of the indicative Offer Price range), respectively. We intend to apply the additional net proceeds from the exercise of the Offer Size Adjustment Option to the above purposes on a pro rata basis.

To the extent that the net proceeds from the Share Offer are not immediately required to be applied to the abovementioned purposes, and to the extent as permitted by applicable laws and regulations, our Directors presently intend that such net proceeds be placed on short-term interest bearing deposits with licenced banks in Hong Kong.

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## UNDERWRITING

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### **THE PUBLIC OFFER UNDERWRITERS**

#### **Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager**

Changjiang Securities Brokerage (HK) Limited

#### **Joint Bookrunners and Joint Lead Managers (in alphabetical order)**

Aristo Securities Limited

Fortune (HK) Securities Limited

#### **Joint Lead Manager**

Bluemount Securities Limited

#### **The Public Offer Underwriters (in alphabetical order)**

Cinda International Securities Limited

Founder Securities (Hong Kong) Limited

### **THE PUBLIC OFFER UNDERWRITING AGREEMENT**

Pursuant to the Public Offer Underwriting Agreement, our Company is offering the Public Offer Shares (subject to reallocation) for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

Subject to, among other matters, the Listing Division granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to the satisfaction of certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms and conditions.

#### **Grounds for Termination**

The Sole Global Coordinator (for itself and on behalf of the Public Offer Underwriters and the Sole Sponsor) shall have the absolute right upon giving a written notice to our Company (on behalf of the other parties thereto other than the Sole Sponsor, the Sole Global Coordinator and the Public Offer Underwriters) to terminate the Public Offer Underwriting Agreement if any of the following events occur at any time prior to 8:00 a.m. on the Listing Date:

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## UNDERWRITING

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- (a) there comes to the notice of the Sole Sponsor or the Sole Global Coordinator together:
- (i) any statement contained in this prospectus, the Application Forms, the formal notice, any submissions, documents or information provided to the Sole Sponsor or the Sole Global Coordinator, any announcements or documents issued by our Company in connection with the Share Offer (including any supplement or amendment thereto) (the “**Relevant Documents**”), considered by the Sole Sponsor or the Sole Global Coordinator together in its/their reasonable opinion was, when it was issued, or has become, or been discovered to be untrue, incorrect, inaccurate or misleading in any material respect or any expressions of opinion, intention or expectation contained in any of such documents are not, in the reasonable opinion of the Sole Sponsor or the Sole Global Coordinator together, in all material respects fair and honest and based on reasonable assumptions, when taken as a whole;
  - (ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus and the Application Forms, constitute an omission therefrom considered by the Sole Sponsor or the Sole Global Coordinator together in its/their reasonable opinion to be material in the context of the Share Offer;
  - (iii) any breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement considered by the Sole Sponsor or the Sole Global Coordinator together in its/their reasonable opinion to be material in the context of the Share Offer (other than upon any of the Public Offer Underwriters) (as the case may be);
  - (iv) either (A) there has been a breach of any of the warranties or provisions of the Public Offer Underwriting Agreement by any of the warrantors or (B) any matter or event showing or rendering any of the warranties, as applicable, in the reasonable opinion of the Sole Sponsor or the Sole Global Coordinator together, to be untrue, incorrect, inaccurate or misleading in any material respect when given or repeated;
  - (v) any event, act or omission which gives or is likely to give rise to any liability of a material nature of any of the warrantors pursuant to the indemnity provisions under the Public Offer Underwriting Agreement or the terms of the Share Offer to be performed or implemented as envisaged;
  - (vi) approval by the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted before the Listing Date, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;
  - (vii) our Company withdraws any of the Relevant Documents (and/or any other documents used in connection with the contemplated subscription of the Offer Shares); or

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## UNDERWRITING

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- (viii) any person (other than the Sole Sponsor, the Sole Global Coordinator or any of the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to the issue of any of the Relevant Documents with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
  
- (b) there shall develop, occur, happen, exist or come into effect:
  - (i) any event, or series of events in the nature of force majeure, including, without limitation, acts of government or orders of any courts, labour disputes, strikes, calamity, crisis, lock-outs (whether or not covered by insurance), fire, explosion, flooding, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), declaration of a national or international emergency, riots, public disorder, economic sanctions, outbreaks of diseases or epidemics (including but not limited to SARS, MERS, H1N1 flu, H5N1 and H7N9 and other related or mutated forms), accidents, interruption or delay in transportation, any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis in Hong Kong, the BVI or Cayman Islands or any other jurisdictions relevant to any member of our Group or the Share Offer (the “**Relevant Jurisdictions**”);
  
  - (ii) any change or development involving a prospective change or development, or any event or series of events, matters or circumstances likely to result in or represent any change or development involving a prospective change or development, in the local, national, regional, international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit, market or exchange control conditions or any monetary or trading settlement system or matters and/or disaster including without limitation a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States, or a material fluctuation in the exchange rate of Hong Kong dollar against any foreign currency;
  
  - (iii) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting the Relevant Jurisdictions;
  
  - (iv) the imposition of economic sanctions or changes in existing economic sanctions, in whatever form, directly or indirectly, by the United States or by the European Union (or any member thereof) on any of the Relevant Jurisdictions;

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## UNDERWRITING

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- (v) a change or development involving a prospective change in any taxation or exchange control (or the implementation of any exchange control, currency exchange rates or foreign investment laws or regulations) in any of the Relevant Jurisdictions;
- (vi) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” in this prospectus;
- (vii) any litigation or claim of material importance being threatened or instigated against any member of our Group or any Director;
- (viii) a Director being charged with an indictable offence or prohibited by operation of law or regulation or otherwise disqualified from taking part in the management of a company;
- (ix) the chairman of the Board or chief executive officer of our Company vacating his office in circumstances where the operations of our Group may be adversely affected;
- (x) the commencement by any governmental, regulatory or political body or organisation of any action against a Director or a member of our Group or an announcement by any governmental, regulatory or political body or organisation that it intends to take such action;
- (xi) any contravention by any member of our Group or any Director of the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Companies Law, the GEM Listing Rules, the SFO or any applicable laws;
- (xii) a prohibition on our Company for whatever reason from allotting or issuing the Offer Shares (including the new Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option) pursuant to the Share Offer and the terms of the Public Offer Underwriting Agreement and the Relevant Documents;
- (xiii) the non-compliance on the part of the Company or the Directors of the Relevant Documents (or any other documents used in connection with the subscription and sale of the Offer Shares) or any aspect of the Share Offer with the GEM Listing Rules or any other applicable laws and regulations;
- (xiv) other than with the written approval of the Sole Global Coordinator, the issue or requirement to issue by our Company of a supplement or an amendment to any of the Relevant Documents (and/or any other documents used in connection with the subscription or the sale of the Offer Shares) pursuant to the Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance or the GEM Listing Rules;

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## UNDERWRITING

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- (xv) a valid demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity;
  - (xvi) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person);
  - (xvii) any change or prospective change in the earnings, results of operations, business, business prospects, financial or trading position, conditions or prospects (financial or otherwise) of our Company or any member of our Group (including any litigation or claim of material importance being threatened or instigated against our Company or any member of our Group);
  - (xviii) a petition or an order is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertakings of any member of our Group or any analogous matter thereto occurs in respect of any member of our Group;
  - (xix) a disruption in or any general moratorium on commercial banking activities or foreign exchange trading or securities settlement, or payment or clearance services or procedures in or affecting any of the Relevant Jurisdictions;
  - (xx) any change or development in the conditions of local, national or international equity securities or other financial markets; or
  - (xxi) the imposition of any moratorium, suspension or restriction on trading in shares or securities generally on or by the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange or minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any government authority; or
- (c) such other events or circumstances,

which in each case or in aggregate in the absolute opinion of the Sole Sponsor or the Sole Global Coordinator together (for themselves and on behalf of the Public Offer Underwriters):

- (A) is or will be materially adverse to or may prejudicially affect the general affairs, management, business, financial, trading or other condition or prospects of our Group (as a whole) or any member of our Group or to any present or prospective shareholder in his, her or its capacity as such;

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## UNDERWRITING

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- (B) has or will have a material adverse effect on the success, marketability or pricing of the Share Offer or the level of interest under the Share Offer;
- (C) makes or may make it inadvisable, inexpedient or impracticable to proceed with or to market the Share Offer or the delivery of the Offer Shares on the terms and in the manner contemplated by any of the Relevant Documents; or
- (D) has or would have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of implementation or performance in accordance with its terms and in the manner contemplated by any of the Relevant Documents and the Public Offer Underwriting Agreement or which prevents the processing of applications and/or payments pursuant to the Share Offer or pursuant to the underwriting thereof,

then the Sole Sponsor or the Sole Global Coordinator together (for themselves and on behalf of the Public Offer Underwriters) may in its/their absolute discretion, upon giving notice in writing to our Company, terminate the Public Offer Underwriting Agreement with immediate effect.

### **Undertakings pursuant to the Public Offer Underwriting Agreement**

- (A) (a) Each of the Controlling Shareholders jointly and severally, undertakes to and covenants with our Company, the Sole Sponsor, the Sole Global Coordinator and the Public Offer Underwriters that,
  - (i) it/he/she shall not, and shall procure that the relevant registered holder(s) shall not, at any time during the period of six months commencing on the date by reference to which disclosure of their shareholding is made in this prospectus (the “**First Six-month Period**”) expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it/he/she is shown by this prospectus to be the beneficial owner (whether direct or indirect) (the “**Lock-up Securities**”); and
  - (ii) it shall not, and shall procure that the relevant registered holder(s) shall not, at any time during the period of six months commencing on the date on which the First Six-month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Lock-up Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of the Controlling Shareholders will cease to be a controlling shareholder (within the meaning of the GEM Listing Rules) of our Company.



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## UNDERWRITING

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- (b) Each of the Controlling Shareholders undertakes to and covenants with each of the Stock Exchange, our Company, the Sole Sponsor, the Sole Global Coordinator and the Public Offer Underwriters that:
- (i) in the event that it or he pledges or charges any of its/his/her direct or indirect interest in the Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules at any time during the relevant periods specified in paragraph (a) above, each of the Controlling Shareholders must inform our Company, the Sole Sponsor and the Sole Global Coordinator (for themselves and on behalf of the Public Offer Underwriters), immediately thereafter, disclosing the details specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and
  - (ii) having pledged or charged any of its/his/her interests in the Shares under paragraph (i) above each of the Controlling Shareholders must inform our Company, the Sole Sponsor and the Sole Global Coordinator (for themselves and on behalf of the Public Offer Underwriters), immediately in the event that it/he/she becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the Shares or other securities of our Company affected.
- (B) Our Company undertakes to and covenants with each of the Sole Sponsor, the Sole Global Coordinator and the Public Offer Underwriters that it shall not (and shall procure each other member of our Group not to), unless in compliance with the requirements of the GEM Listing Rules (including but not limited to Rule 17.29 of the GEM Listing Rules), except for the issue of Shares under the Share Offer, the Capitalisation Issue, the grant of any option under the Share Option Scheme or the issue of Shares upon exercise of any option granted under the Share Option Scheme, at any time during the First Six-month Period,
- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or deposit any Shares or other securities of our Company, with a depository in connection with the issue of depository receipts; or

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## UNDERWRITING

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- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (i) or (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph (i), (ii) or (iii) above, in each case, whether any of the transactions specified in paragraph (i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company, or in cash or otherwise (whether or not such transaction will be completed within the First Six-month Period).

### **UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE GEM LISTING RULES**

In accordance with Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that except for the circumstances permitted pursuant to Rule 13.18 of the GEM Listing Rule, he/she/it shall not, and shall procure that the relevant registered holder(s) shall not:

- (a) in the First Six-Month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner(s) (within the meaning of Rule 13.16A(2) of the GEM Listing Rules); and
- (b) in the period of six months commencing on the date after the First Six-Month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he/she/it, individually or together with each other Controlling Shareholder as a group, would cease to be a Controlling Shareholder.

Pursuant to Rule 13.19 of the GEM Listing Rules, our Controlling Shareholders have further undertaken to the Stock Exchange and our Company that:

- (a) in the event that he/she/it pledges or charges any direct or indirect interest in any Shares in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or

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## UNDERWRITING

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approval granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it shall inform our Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

- (b) having pledged or charged any interest in Shares under paragraph (a) above, he/she/it shall inform our Company immediately in the event that he/she/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

### THE PLACING UNDERWRITING AGREEMENT

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with, among others, the Placing Underwriter(s), on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement as described above and on the additional terms described below. Under the Placing Underwriting Agreement, the Placing Underwriter(s) will severally agree to subscribe or procure subscribers for the Placing Shares being offered pursuant to the Placing.

It is expected that, pursuant to the Placing Underwriting Agreement, our Company and our Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement, as described in the paragraph headed “The Public Offer Underwriting Agreement – Undertakings pursuant to the Public Offer Underwriting Agreement” in this section.

It is expected that each of our Controlling Shareholders will undertake to the Placing Underwriter(s) not to dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interest or encumbrances in respect of, any of our Shares held by him/her/it in our Company for a period similar to that given by them pursuant to the Public Offer Underwriting Agreement as described in the paragraph headed “The Public Offer Underwriting Agreement – Undertakings pursuant to the Public Offer Underwriting Agreement” in this section.

### COMMISSION AND EXPENSES

The Underwriters will receive an underwriting commission of 6.0% of the aggregate Offer Price payable for all the Offer Shares (including the new Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option) offered under the Share Offer and will be reimbursed for their expenses. The underwriting commission payable to the Underwriters will be borne by our Company with respect to the new Offer Shares to be issued by our Company (including the new Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option). The Sole Sponsor will receive a financial advisory and documentation fee in relation to the Listing and will be reimbursed for its expenses.

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## **UNDERWRITING**

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Such commission, advisory and documentation fee and expenses, together with the Stock Exchange listing application fee, Stock Exchange trading fee and SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Share Offer, are currently estimated to be approximately HK\$27.7 million in aggregate (based on an Offer Price of HK\$0.30 per Offer Share and on the assumption that the Offer Size Adjustment Option is not exercised), which will be borne by our Company.

### **SOLE SPONSOR'S AND UNDERWRITERS' INTERESTS IN OUR COMPANY**

Save as disclosed in this prospectus and as contemplated pursuant to the Underwriting Agreements, none of the Sole Sponsor or the Underwriters has any shareholding in any member of our Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Company.

### **MINIMUM PUBLIC FLOAT**

The Directors and the Sole Global Coordinator will ensure that there will be a minimum 25% of the total issued Shares held in public hands in accordance with Rule 11.23(7) of the GEM Listing Rules after completion of the Share Offer.

### **INDEMNITY**

Each of our Company and the Controlling Shareholders has agreed jointly and severally to indemnify the Sole Sponsor, the Sole Global Coordinator and the Public Offer Underwriters for certain losses arising from their performance of their obligations under the Public Offer Underwriting Agreement and any breach by our Company pursuant to the terms of the Public Offer Underwriting Agreement.

### **INDEPENDENCE OF SOLE SPONSOR**

The Sole Sponsor satisfies the independence criteria applicable to the sole sponsor as set out in Rule 6A.07 of the GEM Listing Rules.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### STRUCTURE OF THE SHARE OFFER

The Share Offer comprises (subject to the Offer Size Adjustment Option):

- (i) the Public Offer of an aggregate of 15,000,000 Public Offer Shares (subject to reallocation as mentioned below) in Hong Kong; and
- (ii) the Placing of 135,000,000 Placing Shares (subject to reallocation as mentioned below).

Investors may apply for the Offer Shares under the Public Offer or, if qualified to do so, apply for or indicate an interest for the Offer Shares under the Placing, but may not do both. The Offer Shares will represent approximately 25% of the enlarged issued share capital of our Company immediately after completion of the Share Offer and the Capitalisation Issue (but without taking into account any Shares which may be issued pursuant to the Offer Size Adjustment Option and any options which may be granted under the Share Option Scheme). The number of Offer Shares to be offered under the Public Offer and the Placing, respectively, may be subject to reallocation as mentioned below.

### CONDITIONS OF THE SHARE OFFER

The Share Offer is conditional upon, among others:

- (a) the Listing Division granting the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as described in this prospectus on GEM (including any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option, the Capitalisation Issue or any options to be granted under the Share Option Scheme or the general mandate to issue Shares referred to in Appendix IV to this prospectus);
- (b) the Price Determination Agreement having been executed by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) and becoming effective on the Price Determination Date; and
- (c) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including the waiver of any condition(s) by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise),

in each case, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event on or before the day which is 30th day after the date of this prospectus.

If such conditions have not been fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Share Offer will be published by our Company on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.manshing.com.hk](http://www.manshing.com.hk) on the next Business Day following such lapse.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### THE PUBLIC OFFER

#### Number of Shares initially offered

We are initially offering 15,000,000 Public Offer Shares at the Offer Price, representing 10% of the Shares initially available under the Share Offer, for subscription by the public in Hong Kong. Subject to reallocation of Offer Shares between the Placing and the Public Offer, the number of Shares initially offered under the Public Offer will represent approximately 2.5% of our Company's enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue, and without taking into account Shares which may be issued pursuant to the Offer Size Adjustment Option and upon exercise of options as may be granted under the Share Option Scheme. The Public Offer is open to members of the public in Hong Kong as well as to institutional professional and other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Public Offer is subject to the conditions as set out in the paragraph headed "Conditions of the Share Offer" in this section.

#### Allocation

Allocation of the Offer Shares to investors under the Share Offer will be based solely on the level of valid applications received under the Share Offer. The basis of allocation may vary, depending on the number of the Public Offer Shares validly applied for by applicants. Allocation of the Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Multiple or suspected multiple applications under the Public Offer and any application for more than 15,000,000 Public Offer Shares initially available for subscription will be rejected. Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not received any Shares under the Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be). The final Offer Price, the level of indication of interest in the Placing, level of applications in the Public Offer and the basis of allocation of the Public Offer Shares are expected to be announced on Wednesday, 12 April 2017 through a variety of channels as described in the section headed "How to Apply for Public Offer Shares – 8. Publication of Results".

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### Reallocation

Allocation of the Offer Shares between the Public Offer and the Placing is subject to adjustment which would have the effect of increasing the number of Offer Shares under the Public Offer to a certain percentage of the total number of Offer Shares offered under the Share Offer if certain prescribed total demand levels are reached. In the event of over-applications in the Public Offer, the Sole Global Coordinator shall apply a clawback mechanism following the closing of the application lists on the following basis:

- if the number of Offer Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times of the number of Offer Shares initially available for subscription under the Public Offer, then 30,000,000 Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 45,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Share Offer;
- if the number of Offer Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times of the number of Offer Shares initially available for subscription under the Public Offer, then 45,000,000 Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 60,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Share Offer; and
- if the number of Offer Shares validly applied for under the Public Offer represents 100 times or more of the number of Offer Shares initially available for subscription under the Public Offer, then 60,000,000 Offer Shares will be reallocated to the Public Offer from the Placing so that the total number of Offer Shares available under the Public Offer will be 75,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Share Offer.

In each case, based on the additional Offer Shares reallocated to the Public Offer, the number of Offer Shares allocated to the Placing will be correspondingly reduced, in such manner as the Sole Global Coordinator may deem appropriate. In addition, the Sole Global Coordinator may in its sole and absolute discretion reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

If the Public Offer is not fully subscribed, the Sole Global Coordinator will have the discretion (but shall not be under any obligation) to reallocate all or any unsubscribed Public Offer Shares in such amount as the Sole Global Coordinator may deem appropriate.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### THE PLACING

#### Number of the Offer Shares initially offered

Subject to the reallocation as described above, the number of Offer Shares to be initially offered under the Placing will be 135,000,000 Shares, representing 90% of the total number of the Offer Shares initially available under the Share Offer. Subject to the reallocation of the Offer Shares between the Placing and the Public Offer, the number of Shares initially offered under the Placing will represent approximately 22.5% of our Company's enlarged issue share capital immediately after the completion of the Share Offer and the Capitalisation Issue, but without taking into account Shares which may be issued pursuant to the Offer Size Adjustment Option and upon exercise of options as may be granted under the Share Option Scheme.

#### Allocation

Pursuant to the Placing, the Placing Shares will be conditionally placed by the Placing Underwriter(s). The Placing Shares will be selectively placed to certain professional and institutional and other investors anticipated to have a sizeable demand for such Placing Shares in Hong Kong. The Placing is subject to the Public Offer being unconditional.

Allocation of the Offer Shares pursuant to the Placing will be effected in accordance with the bookbuilding process described in the paragraph headed "Offer Price" in this section and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Global Coordinator may require any investor who has been offered Placing Shares under the Placing, and who has made an application under the Public Offer, to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Public Offer and to ensure that they are excluded from any application of Offer Shares under the Public Offer.



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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### OFFER PRICE

#### Determination of the Offer Price

The Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares under the Placing. Prospective investors will be required to specify the number of Offer Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “bookbuilding”, is expected to continue up to, and to cease on or about Wednesday, 5 April 2017.

The Offer Price will be fixed by the Price Determination Agreement on the Price Determination Date, which is expected to be on or around Thursday, 6 April 2017. If the Sole Global Coordinator (for themselves and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before Thursday, 6 April 2017, the Share Offer will not become unconditional and will not proceed. The Sole Global Coordinator (for itself and on behalf of the other Underwriters) may, with the consent of our Company, reduce the indicative Offer Price range to below that stated in this prospectus at any time prior to the Price Determination Date. In such a case, our Company will, as soon as practicable following the decision to make such reduction, cause to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company’s website at [www.manshing.com.hk](http://www.manshing.com.hk) an announcement of such change on or before the Price Determination Date. Prospective investors of the Offer Shares should be aware that the Offer Price to be determined on the Price Determination Date may be, but is currently not expected to be, lower than the indicative Offer Price range stated in this prospectus. **Prospective investors of the Offer Shares should also have regard to the possibility that any announcement of any such reduction in the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer.** Such notice will also include confirmation or revision, as appropriate, of the Share Offer statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. If the indicative Offer Price range is so reduced, applicant(s) who have already submitted an application will be notified that they are required to confirm their applications. All applicant(s) who have already submitted an application need to confirm their applications in accordance with the procedures set out in the supplemental prospectus and all unconfirmed applications will not be valid. In the absence of any notice published in relation to the reduction in the Offer Price, the Offer Price, if agreed upon with our Company and the Sole Global Coordinator will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If for any reason the Price Determination Date is changed, our Company will as soon as practicable cause to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company’s website at [www.manshing.com.hk](http://www.manshing.com.hk) a notice of the change and if applicable the revised date.

#### Offer Price range

The Offer Price will not be more than HK\$0.32 per Offer Share and is expected to be not less than HK\$0.28 per Offer Share. The Offer Price will fall within the indicative Offer Price range as stated in this prospectus unless otherwise announced.

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## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

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### Price payable on application

The Offer Price will not be more than HK\$0.32 per Offer Share and is expected to be not less than HK\$0.28 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK\$0.32 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK\$3,232.25 per board lot of 10,000 Offer Shares. If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$0.32 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

### ANNOUNCEMENT OF OFFER PRICE AND BASIS OF ALLOCATION

Announcement of the final Offer Price, together with the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares is expected to be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.manshing.com.hk](http://www.manshing.com.hk) on Wednesday, 12 April 2017.

### OFFER SIZE ADJUSTMENT OPTION

In connection with the Share Offer, our Company granted to the Sole Global Coordinator the Offer Size Adjustment Option. Pursuant to the Offer Size Adjustment Option, our Company may be required to allot and issue, at the final Offer Price, up to an aggregate of 22,500,000 additional new Shares, representing 15% of the Offer Shares initially available under the Share Offer. The Offer Size Adjustment Option can only be exercised by the Sole Global Coordinator at any time before 6:00 p.m. on the Business Day immediately before the date of the announcement with respect to the level of indication of interest in the Placing; otherwise it will lapse. For avoidance of doubt, the purpose of the Offer Size Adjustment Option is to provide flexibility for the Sole Global Coordinator to meet any excess demand in the Share Offer. The Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option will not be used for price stabilisation purpose and the Offer Size Adjustment Option is not subject to the Securities and Futures (Price Stabilising) Rules of the SFO (Chapter 571W of the Laws of Hong Kong).

If the Offer Size Adjustment Option is exercised in full, the additional Offer Shares will represent approximately 3.6% of the enlarged issued capital of our Company in issue following completion of the Capitalisation Issue, the Share Offer and the exercise of the Offer Size Adjustment Option but without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme.

The additional net proceeds that we would receive if the Offer Size Adjustment Option is exercised in full (assuming the Offer Price of HK\$0.30 per Share (being the mid-point of the indicative Offer Price range) are estimated to be approximately HK\$6.75 million, which would be applied to the respective uses as disclosed in "Future Plans and Use of Proceeds – Reasons for the Share Offer" and "Future Plans and Use of Proceeds – Use of Proceeds" on a pro-rata basis.

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## **STRUCTURE AND CONDITIONS OF THE SHARE OFFER**

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The Company will disclose in its allotment results announcement whether and to what extent the Offer Size Adjustment Option has been exercised, and will confirm in the announcement that, if the Offer Size Adjustment Option is not exercised by that time, then the Offer Size Adjustment Option will have lapsed and cannot be exercised on any future date.

### **COMMENCEMENT OF DEALINGS IN THE SHARES**

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. on Thursday, 13 April 2017. Shares will be traded in board lots of 10,000 Shares and are fully transferable. The GEM stock code for the Shares is 8309.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### OVERVIEW

#### 1. HOW TO APPLY

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Sole Global Coordinator, and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

#### 2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a U.S. Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Company and the Sole Global Coordinator may accept or reject it at their discretion and on any conditions they think fit, including the provision of evidence of the attorney's authority.

The number of joint applicants may not exceed four for the Public Offer Shares.

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of shares in the Company and/or any of its subsidiaries;
- a director or chief executive officer of the Company and/or any of its subsidiaries;

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- a connected person (as defined in the GEM Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Public Offer;
- an associate (as defined in the GEM Listing Rules) of any of the above; and
- have been allocated or have applied for any Placing Shares or otherwise participated in the Placing.

### 3. APPLYING FOR PUBLIC OFFER SHARES

#### Which application channel to use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form.

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form to cause HKSCC Nominees to apply for you.

#### Where to collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 30 March 2017 until 12:00 noon on Wednesday, 5 April 2017 from:

- (i) the following address of the Public Offer Underwriters:

**Changjiang Securities Brokerage (HK) Limited**

Suite 1908, 19th Floor, COSCO Tower,  
183 Queen's Road Central,  
Central,  
Hong Kong

**Aristo Securities Limited**

Room 101, 1st Floor,  
On Hong Commercial Building,  
145 Hennessy Road,  
Wanchai, Hong Kong

**Fortune (HK) Securities Limited**

35/F Office Tower, Convention Plaza,  
No.1 Harbour Road,  
Wanchai, Hong Kong

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### **Bluemount Securities Limited**

Flat C & D, 12th Floor,  
Hang Seng Tsuen Wan Building,  
289 Sha Tsui Road,  
Tsuen Wan, Hong Kong

### **Cinda International Securities Limited**

45th Floor, COSCO Tower,  
183 Queen's Road Central,  
Hong Kong

### **Founder Securities (Hong Kong) Limited**

21st Floor,  
33 Des Voeux Road Central,  
Central, Hong Kong

- (ii) the following branches of the receiving bank, Standard Chartered Bank (Hong Kong) Limited:

	<b>Branch</b>	<b>Address</b>
<b>Hong Kong Island</b>	Wanchai Southorn Branch	Shop C2 on G/F and 1/F to 2/F, Lee Wing Building, No. 156-162 Hennessy Road, Wanchai
<b>Kowloon</b>	Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
<b>New Territories</b>	Shatin Plaza Branch	Shop No. 8, Shatin Plaza, 21-27 Shatin Centre Street, Shatin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 30 March 2017 until 12:00 noon on Wednesday, 5 April 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### Time for lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Horsford Nominees Limited – Man Shing Global Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

**Thursday, 30 March 2017 – 9:00 a.m. to 5:00 p.m.**  
**Friday, 31 March 2017 – 9:00 a.m. to 5:00 p.m.**  
**Saturday, 1 April 2017 – 9:00 a.m. to 1:00 p.m.**  
**Monday, 3 April 2017 – 9:00 a.m. to 5:00 p.m.**  
**Wednesday, 5 April 2017 – 9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 5 April 2017, the last application day or such later time described in the paragraphs under "7. Effect of Bad Weather on the Opening of the Application Lists" in this section.

#### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as an agent or a nominee on behalf of each person for whom you act:

- (i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Sole Global Coordinator (or its agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies Ordinance, the Companies (Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set forth in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- (v) confirm that you are aware of the restrictions on the Public Offer in this prospectus;
- (vi) agree that none of the Company, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Public Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to the Company, the Hong Kong Branch Share Registrar, the receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Sponsor, and the Sole Global Coordinator, the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Forms;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you fulfill the criteria mentioned in the paragraphs under "Personal collection" in this section to collect Share certificate and/or refund cheque;



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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form and (ii) you have due authority to sign the Application Form on behalf of that other person as their agent.

### **Additional instructions for YELLOW Application Form**

You may refer to the **YELLOW** Application Form for further information.

## **5. HOW MANY APPLICATIONS CAN YOU MAKE**

Multiple applications for Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form is made for your benefit. If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 6. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Public Offer Shares under the terms set forth in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form in respect of a minimum of 10,000 Public Offer Shares. Each application in respect of more than 10,000 Public Offer Shares must be in one of the numbers set forth in the table in the Application Forms.

If your application is successful, brokerage will be paid to the participants of the Stock Exchange, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

Further information on the Offer Price is set forth in the section headed “Structure and Conditions of the Share Offer – Offer Price” in this prospectus.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### 7. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 5 April 2017.

Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, 5 April 2017 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

### 8. PUBLICATION OF RESULTS

We expect to announce the final Offer Price, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Wednesday, 12 April 2017 on the Company’s website ([www.manshing.com.hk](http://www.manshing.com.hk)) and the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website ([www.manshing.com.hk](http://www.manshing.com.hk)) and the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)) by no later than 8:00 a.m. on Wednesday, 12 April 2017;
- from the designated results of allocations website ([www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result)) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Wednesday, 12 April 2017 to 12:00 midnight on Thursday, 20 April 2017;
- by telephone enquiry line by calling (852)3691 8488 between 9:00 a.m. and 6:00 p.m. from Wednesday, 12 April 2017 to Wednesday, 19 April 2017 (excluding Saturday, Sunday and public holidays in Hong Kong);
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 12 April 2017 to Tuesday, 18 April 2017 at designated branches of the receiving bank.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Public Offer are satisfied and the Public Offer is not otherwise terminated. Conditions of the Public Offer are set forth in the section headed “Structure and Conditions of the Share Offer” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### **9. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER SHARES**

You should note the following situations in which the Public Offer Shares will not be allotted to you:

**(i) If your application is revoked:**

By completing and submitting an Application Form, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under section 40 of the Companies (Winding up and Miscellaneous Provisions) Ordinance (as applied by section 342E of the Companies (Winding up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

**(ii) If the Company or its agents exercise their discretion to reject your application:**

The Company, the Sole Global Coordinator and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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**(iii) If the allotment of Public Offer Shares is void:**

The allotment of Public Offer Shares will be void if the Listing Division does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Division notifies the Company of that longer period within three weeks of the closing date of the application lists.

**(iv) If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- you apply for more than 15,000,000 Public Offer Shares.

### **10. REFUND OF APPLICATION MONIES**

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum Offer Price of HK\$0.32 (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer are not fulfilled in accordance with the section headed "Structure and Conditions of the Share Offer – Conditions of the Share Offer" of this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, 12 April 2017.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### 11. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or around Wednesday, 12 April 2017. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 13 April 2017 provided that the Share Offer has become unconditional and the right of termination described in the section headed “Underwriting” of this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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### Personal Collection

#### *(i) If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from the Hong Kong Branch Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 12 April 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, 12 April 2017, by ordinary post and at your own risk.

#### *(ii) If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above for collection of refund cheque(s). If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, 12 April 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 12 April 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Public Offer Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS participant.

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## HOW TO APPLY FOR PUBLIC OFFER SHARES

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- *If you are applying as a CCASS investor participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the paragraph headed "8. Publication of Results" in this section. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 12 April 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

### **12. ADMISSION OF THE SHARES INTO CCASS**

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.



The following is the text of a report, prepared for the purpose of incorporation in this document, received from the independent reporting accountant, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong.



SHINEWING (HK) CPA Limited  
43/F., Lee Garden One  
33 Hysan Avenue  
Causeway Bay, Hong Kong

30 March 2017

The Board of Directors  
Man Shing Global Holdings Limited  
Changjiang Corporate Finance (HK) Limited

Dear Sirs,

## INTRODUCTION

We set out below our report on the financial information (the “Financial Information”) regarding Man Shing Global Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) for each of the two years ended 31 March 2015, 2016 and the six months ended 30 September 2016 (the “Track Record Period”) for inclusion in the prospectus of the Company dated 30 March 2017 (the “Prospectus”) in connection with the initial listing of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company, principally engaged in investment holding, was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 22 March 2016. Pursuant to a group reorganisation as detailed in the section headed “History, Reorganisation and Corporate Structure” of the Prospectus (the “Reorganisation”), which was completed on 30 March 2016, the Company became the holding company of the companies now comprising the Group, details of which are set out below.

At the end of Track Record Period and up to the date of this report, the particulars of the Company’s subsidiaries are set out as follows:

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid share capital	Attributable equity interest held by the Company				Principal activities
			31 March 2015	31 March 2016	30 September 2016	At the date of this report	
Man Shing Global Group (BVI) Limited (“Man Shing Global (BVI)”)	British Virgins Islands (the “BVI”) 21 March 2016	US\$1	N/A	100%	100%	100%	Investment holding

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid share capital	Attributable equity interest held by the Company				Principal activities
			31 March 2015	31 March 2016	30 September 2016	At the date of this report	
Man Shing Global Group Limited ("Man Shing Global Group")	Hong Kong 21 March 2016	HK\$1	N/A	100%	100%	100%	Investment holding
Man Shing Cleaning Service (BVI) Co. Limited ("Man Shing Cleaning Service (BVI)")	BVI 21 March 2016	US\$1	N/A	100%	100%	100%	Investment holding
Man Shing Environmental (BVI) Co. Limited ("Man Shing Environmental (BVI)")	BVI 21 March 2016	US\$1	N/A	100%	100%	100%	Investment holding
Jasen Services (BVI) Limited ("Jasen Services (BVI)")	BVI 21 March 2016	US\$1	N/A	100%	100%	100%	Investment holding
Man Shing Cleaning Service Company Limited ("Man Shing Cleaning Service")	Hong Kong 29 July 1998	HK\$100,000	100%	100%	100%	100%	Provision of cleaning services
Man Shing Environmental Company Limited ("Man Shing Environmental")	Hong Kong 1 September 2015	HK\$100	N/A	100%	100%	100%	Provision of waste collecting services
Jasen Services Limited ("Jasen Services")	Hong Kong 18 May 1995	HK\$10,000	100%	100%	100%	100%	Provision of cleaning services

Note: US\$: United States Dollar  
HK\$: Hong Kong Dollar

All the companies now comprising the Group have adopted 31 March as their financial year end date.

No audited financial statements have been prepared for the Company, Man Shing Global (BVI), Man Shing Global Group, Man Shing Cleaning Service (BVI), Man Shing Environmental (BVI) and Jasen Services (BVI) since their respective dates of incorporation as there are no statutory requirements under the relevant rules and regulations in their jurisdictions of incorporation. For the purposes of this report, we have, however, reviewed all the relevant transactions of these companies since their respective dates of incorporation to 30 September 2016 and carried out such procedures as we considered necessary for inclusion of the financial information relating to these companies in the Financial Information.

The statutory financial statements of Man Shing Cleaning Service and Jasen Services for each of the two years ended 31 March 2015 and 2016 was prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and were audited by Quentin Wong & Co. Certified Public Accountants (Practising) (“Quentin Wong & Co”), a Certified Public Accountants registered in Hong Kong.

The statutory financial statement of Man Shing Environmental for the period from 1 September 2015 (date of incorporation) to 31 March 2016 was prepared in accordance with HKFRSs issued by the HKICPA and was audited by Quentin Wong & Co, a Certified Public Accountants registered in Hong Kong.

#### **BASIS FOR PREPARATION**

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Track Record Period in accordance with HKFRSs issued by the HKICPA (the “Underlying Financial Statements”). We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information of the Group for the Track Record Period as set out in this report has been prepared by the directors of the Company from the Underlying Financial Statements on the basis set out in note 1 of Section A of the Financial Information. No adjustments are considered necessary by us to adjust the Underlying Financial Statements in the preparation of this report for inclusion in the Prospectus.

#### **RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND REPORTING ACCOUNTANT**

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (“the GEM Listing Rules”), and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an independent opinion on the Financial Information based on our procedures and to report our opinion thereon to you.

**BASIS OF OPINION**

We have examined the Underlying Financial Statements and carried out such additional audit procedures which we consider necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 September 2016.

**OPINION**

In our opinion, for the purpose of this report, and on the basis of preparation set out in note 1 of Section A below, the Financial Information gives a true and fair view of the Group's consolidated results and consolidated cash flows for the Track Record Period, and of the state of affairs of the Company as at 31 March 2016 and 30 September 2016 and of the Group as at 31 March 2015, 2016 and 30 September 2016.

**CORRESPONDING FINANCIAL INFORMATION**

For the purpose of this report, we have also reviewed the unaudited financial information of the Group comprising the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 September 2015, together with notes thereto (the "September 2015 Financial Information") extracted from the Group's unaudited consolidated financial statements for the same period, for which the directors of the Company are responsible for the preparation, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our responsibility is to express a conclusion on the September 2015 Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the September 2015 Financial Information.

Based on our review, nothing has come to our attention that causes us to believe that the September 2015 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

## MAN SHING GLOBAL HOLDINGS LIMITED

## A. FINANCIAL INFORMATION

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 March		Six months ended 30 September	
		2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
				(Unaudited)	
Revenue	7	316,320	346,999	160,554	208,390
Cost of sales		<u>(277,390)</u>	<u>(308,753)</u>	<u>(142,972)</u>	<u>(186,078)</u>
Gross profit		38,930	38,246	17,582	22,312
Other income	8	418	765	237	110
Administrative expenses		(19,576)	(21,158)	(9,451)	(13,021)
Finance costs	9	<u>(2,619)</u>	<u>(2,678)</u>	<u>(1,216)</u>	<u>(1,411)</u>
Profit before tax		17,153	15,175	7,152	7,990
Income tax expenses	10	<u>(2,799)</u>	<u>(2,653)</u>	<u>(1,229)</u>	<u>(1,920)</u>
Profit and total comprehensive income for the year/period attributable to owners of the Company	11	<u>14,354</u>	<u>12,522</u>	<u>5,923</u>	<u>6,070</u>
Earnings per share attributable to owners of the Company					
Basic and diluted	14	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	The Group			The Company	
		As at 31 March 2015 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 September 2016 HK\$'000	As at 31 March 2016 HK\$'000	As at 30 September 2016 HK\$'000
<b>Non-current assets</b>						
Investments in subsidiaries	15	–	–	–	30,070	30,070
Plant and equipment	16	18,007	17,743	21,025	–	–
		<u>18,007</u>	<u>17,743</u>	<u>21,025</u>	<u>30,070</u>	<u>30,070</u>
<b>Current assets</b>						
Amount due from a shareholder	17	287	9,503	7,079	–	–
Trade receivables	18	38,387	41,008	65,332	–	–
Prepayments, deposits and other receivables	19	3,736	9,213	9,754	2,914	2,154
Pledged bank deposits	20	3,275	11,654	25,758	–	–
Bank balances and cash	20	32,150	38,744	7,540	–	3,212
		<u>77,835</u>	<u>110,122</u>	<u>115,463</u>	<u>2,914</u>	<u>5,366</u>
<b>Current liabilities</b>						
Trade payables	21	5,632	5,536	8,387	–	–
Accruals and other payables	22	20,339	28,403	30,862	4,178	489
Amount due to a subsidiary	23	–	–	–	–	20
Tax payables		1,834	–	1,930	–	–
Obligations under finance leases	24	7,164	8,294	8,481	–	–
Bank borrowings and overdrafts	25	31,986	44,547	26,699	–	–
		<u>66,955</u>	<u>86,780</u>	<u>76,359</u>	<u>4,178</u>	<u>509</u>
<b>Net current assets (liabilities)</b>		<u>10,880</u>	<u>23,342</u>	<u>39,104</u>	<u>(1,264)</u>	<u>4,857</u>
<b>Total assets less current liabilities</b>		<u>28,887</u>	<u>41,085</u>	<u>60,129</u>	<u>28,806</u>	<u>34,927</u>
<b>Capital and reserves</b>						
Share capital	28	–	–	–	–	–
Reserves	28	16,173	28,695	44,365	28,806	34,927
		<u>16,173</u>	<u>28,695</u>	<u>44,365</u>	<u>28,806</u>	<u>34,927</u>
<b>Non-current liabilities</b>						
Obligations under finance leases	24	10,525	8,279	10,761	–	–
Long service payment obligations	26	1,017	2,974	4,025	–	–
Deferred tax liabilities	27	1,172	1,137	978	–	–
		<u>12,714</u>	<u>12,390</u>	<u>15,764</u>	<u>–</u>	<u>–</u>
		<u>28,887</u>	<u>41,085</u>	<u>60,129</u>	<u>28,806</u>	<u>34,927</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i> <i>(note 28</i> <i>(b)(ii))</i>	Other reserve <i>HK\$'000</i> <i>(note 28</i> <i>(b)(i))</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 April 2014	110	–	–	7,709	7,819
Total profit and comprehensive income for the year	–	–	–	14,354	14,354
Dividend paid ( <i>note 13</i> )	–	–	–	(6,000)	(6,000)
At 31 March 2015 and 1 April 2015	110	–	–	16,063	16,173
Issue of shares <i>(note 28(a))</i>	*–	–	–	–	*–
Arising from reorganisation of the Group	(110)	–	110	–	–
Total profit and comprehensive income for the year	–	–	–	12,522	12,522
At 31 March 2016 and 1 April 2016	*–	–	110	28,585	28,695
Capital injection from the shareholder of the Company ( <i>note 28(a)</i> )	*–	9,600	–	–	9,600
Total profit and comprehensive income for the period	–	–	–	6,070	6,070
At 30 September 2016	*–	9,600	110	34,655	44,365

\* Represents amount less than HK\$1,000.

## CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 March		Six months ended 30 September	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Unaudited)	2016 HK\$'000
<b>OPERATING ACTIVITIES</b>				
Profit before tax	17,153	15,175	7,152	7,990
Adjustments for:				
Finance costs	2,619	2,678	1,216	1,411
Bank interest income	(1)	(8)	(1)	(1)
Gain on disposal of plant and equipment	–	(160)	–	–
Provision for the long service payment	636	1,957	979	1,051
Government subsidy	(346)	(562)	(225)	–
Depreciation for plant and equipment	8,373	7,297	3,259	3,987
Operating cash flows before working capital changes	28,434	26,377	12,380	14,438
Increase in trade receivables	(990)	(2,621)	(5,989)	(24,324)
Increase in prepayments, deposits and other receivables	(427)	(5,328)	(1,808)	(690)
(Decrease) increase in trade payables	(123)	(96)	702	2,851
Increase in accruals and other payables	12	8,064	1,968	2,459
Cash from (used in) operations	26,906	26,396	7,253	(5,266)
Profits tax paid	(830)	(4,671)	–	–
Interest paid	(2,619)	(2,678)	(1,216)	(1,411)
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<b>23,457</b>	<b>19,047</b>	<b>6,037</b>	<b>(6,677)</b>
<b>INVESTING ACTIVITIES</b>				
Bank interest income	1	8	1	1
Placement of pledged bank deposits	(703)	(8,379)	(9,196)	(14,104)
Sales proceed on disposal on plant and equipment	–	160	–	–
Purchase of plant and equipment (Advance to) repayment from a shareholder	(828)	(327)	(304)	(438)
	(287)	(9,216)	(2,273)	2,424
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,817)</b>	<b>(17,754)</b>	<b>(11,772)</b>	<b>(12,117)</b>



	Year ended 31 March		Six months ended 30 September	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Unaudited)	2016 HK\$'000
<b>FINANCING ACTIVITIES</b>				
Government subsidy received	346	562	225	–
Dividend paid	(6,000)	–	–	–
Repayments of obligations under finance leases	(7,818)	(7,822)	(3,723)	(4,162)
Repayment to a shareholder	(338)	–	–	–
Repayments of borrowings	(212,710)	(223,698)	(100,718)	(125,090)
New bank loans raised	216,874	238,429	107,438	107,794
Capital injection from the shareholder of the Company	–	–	–	9,600
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<u>(9,646)</u>	<u>7,471</u>	<u>3,222</u>	<u>(11,858)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	11,994	8,764	(2,513)	(30,652)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD</b>	<u>17,362</u>	<u>29,356</u>	<u>29,356</u>	<u>38,120</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD</b>	<u><u>29,356</u></u>	<u><u>38,120</u></u>	<u><u>26,843</u></u>	<u><u>7,468</u></u>
Analysis of Components of Cash and Cash Equivalents:				
Bank balances and cash	32,150	38,744	29,100	7,540
Bank overdrafts	(2,794)	(624)	(2,257)	(72)
	<u>29,356</u>	<u>38,120</u>	<u>26,843</u>	<u>7,468</u>

## NOTES TO THE FINANCIAL INFORMATION

## 1. BASIS OF PRESENTATION OF THE FINANCIAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 22 March 2016. The address of its registered office is Maples Corporate Services Limited, PO Box 309, Umland House, Grand Cayman, Cayman Islands, KY1-1104, the Cayman Islands. The address of the principal place of business of the Company is Unit 10 on 11th Floor, Trans Asia Centre, 18 Kin Hong Street, Kwai Chung, New Territories, Hong Kong. The Company is principally engaged in investment holding. The principal activities of its subsidiaries are the provision of cleaning services, waste transportation services, pest control services and sewage treatment services.

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 30 March 2016. The Group has been under the control of Mr. Wong Man Sing, Mr. Wong Chong Shing and Mr. Wong Chi Ho (the "Controlling Shareholders") throughout the Track Record Period or since their respective dates of incorporation or establishment and up to 30 March 2016. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the Financial Information of the Group has been prepared on the basis as if the Company had always been the holding company of the companies comprising the Group throughout the Track Record Period, using the principles of merger accounting as set out in note 3 below.

The consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows included the results and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the Track Record Period. The consolidated statement of financial position of the Group as at 31 March 2015 has been prepared to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence as at those dates.

The Financial Information is presented in Hong Kong dollars ("HK\$") which is the same as the functional currency of the Company.

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

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has consistently adopted all Hong Kong Accounting Standards ("HKASs"), HKFRSs, amendments and interpretations issued by the HKICPA which are effective for the Group's financial year beginning on 1 April 2016 throughout the Track Record Period.

**New and revised HKFRSs issued but not yet effective**

The Company has not early applied the following new and revised HKFRSs, amendments and interpretations that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2014-2016 Cycle <sup>5</sup>
Amendment to HKAS 7	Disclosure Initiative <sup>1</sup>
Amendment to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 15	Clarification to HKFRS 15 <sup>2</sup>
HKFRS 9 (2014)	Financial Instruments <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> Effective date not yet been determined.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

The directors of the Company anticipate that, except as described below, the application of the new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

#### HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for HKFRS 9 to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (“FVTOCI”) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.
- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with earlier application permitted.

The directors of the Company anticipate that the adoption of HKFRS 9 (2014) in the future may have an impact on the Group's results and financial position, including the classification categories and the management of financial assets, and disclosure. For instance, the Group will be required to replace the incurred loss impairment model in HKFRS 9 with an expected loss impairment model that will apply to various exposures to credit risk. HKFRS 9 will also change the way the Group classifies and measures its financial assets, and will require the Group to consider the business model and contractual cash flow characteristics of financial assets to determine classification and subsequent measurement. Other than the adoption of an expected credit losses impairment model and disclosure changes, adoption of HKFRS 9 is currently not expected to have a material impact on Financial Information of the Group.

#### **HKFRS 15 Revenue from Contracts with Customers**

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. Certain costs incurred in fulfilling a contract which are currently expensed may need to be recognised as an asset under HKFRS 15. More disclosures relating to revenue are also required. Based on preliminary assessment conducted, the Group does not expect the adoption of HKFRS 15 would have a material impact other than presenting more disclosures.

#### **HKFRS 16 Leases**

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment

or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 "Property, Plant and Equipment", while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 "Revenue from Contracts with Customers" at or before the date of initial application of HKFRS 16.

Application of HKFRS 16 will result in the Group's recognition of right-of-use assets and corresponding liabilities in respect of many of the Group's lease arrangements. These assets and liabilities are currently not required to be recognised but certain relevant information is disclosed to the Financial Information. As set out in Note 29 to the Financial Information, total operating lease commitment of the Group in respect of office as at 31 March 2015, 2016 and the six months ended 30 September 2016 amounted to approximately HK\$347,000, HK\$273,000 and HK\$420,000. The directors of the Company do not expect the application of HKFRS 16 as compared with the current accounting policy would result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statements of financial position as right-of-use assets and lease liabilities.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information includes applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The Financial Information has been prepared under the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principal accounting policies are set out below.

#### **Basis of consolidation**

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). Control is achieved where the Company:

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

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

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

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

#### **Merger accounting for business combination involving entities under common control**

The Financial Information includes the financial statements items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the Financial Information are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or businesses first came under common control at a later date.

#### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discount.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

Service income are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

For services that are provided on ad-hoc basis, service income is recognised upon completion of the provision of such ad-hoc services.

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

#### **Plant and equipment**

Plant and equipment held for use in the provision of cleaning services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

**Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

***The Group as lessee***

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**Government subsidy**

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

Government subsidy are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the subsidy are intended to compensate. Specifically, government subsidy whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government subsidy that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

**Taxation**

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

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

Deferred tax is recognised on temporary difference between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

### **Financial instruments**

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

#### ***Financial assets***

The Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

#### ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including amount due from a shareholder, trade receivables, deposits and other receivables, amount due from a shareholder and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.



*Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period or observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

*Financial liabilities and equity instruments*

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

*Other financial liabilities*

Other financial liabilities including trade and other payables, obligations under finance leases and bank borrowings and overdraft, are subsequently measured at amortised cost, using the effective interest method.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

**Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

*Derecognition*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**Impairment of tangible assets**

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs to sell and value in use. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior period. A reversal of an impairment loss is recognised as income immediately in profit or loss.

**Cash and cash equivalents**

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of bank balances and cash as defined above, net of outstanding secured bank overdrafts.

**Borrowing costs**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**Retirement benefits costs**

Payments to the state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

**Short-term and other long-term employee benefits**

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

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

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

**Provision**

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

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

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

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

**Fair value measurement**

When measuring fair value except for the Group's leasing transactions and value in use of plant and equipment for the purpose of impairment assessment, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as following:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the reporting period, the Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

#### **4. KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

##### **Key sources of estimation uncertainty**

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### ***Provision for long service payments***

The present value of long service payments and the movement of the provision are determined by actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, pre-retirement termination, involuntary termination, early retirement, normal retirement, death and disability rate. Due to the complexities involved in the valuation and its long-term nature, a retirement benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at the end of each reporting periods.

The Company makes provision for lump sum payments on cessation of employment in certain circumstances to employees. The payments due are dependent on future events and recent payment experience may not be indicative of future payments. Any increase or decrease in the provision would affect profit or loss in future years.

The carrying amount of the long service payment obligations is approximately HK\$1,017,000, HK\$2,974,000 and HK\$4,025,000 as at 31 March 2015, 2016 and 30 September 2016 respectively. Further details about the long service payment obligations are set out in note 26.

##### ***Useful lives and impairment assessment of plant and equipment***

Plant and equipment are stated at cost less accumulated depreciation and identified impairment losses. The estimated useful lives reflect the directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's plant and equipment, based on factors that include internal evaluation as well as technological changes and environmental regulations. The Group's replacement policy for plant and equipment is mainly based on repairs and useful lives duration of assets. The estimation of useful lives impacts the level of annual depreciation expenses recorded. Plant and equipment are evaluated for possible impairment on a specific asset basis or in groups of similar assets, as applicable. This process requires management's estimate of future cash flows

generated by each asset or group of assets. For any instance where this evaluation process indicates impairment, the relevant asset's carrying amount is written down to the recoverable amount and the amount of the write-down is charged against the consolidated statement of profit or loss and other comprehensive income. As at 31 March 2015, 2016 and 30 September 2016, the carrying amount of plant and equipment were approximately HK\$18,007,000, HK\$17,743,000 and HK\$21,025,000 respectively. No impairment had been recognised as at 31 March 2015, 2016 and 30 September 2016.

#### *Estimated impairment loss of trade receivables*

When there is objective evidence of impairment loss of trade receivables, the Group takes into consideration the estimation of future cash flows of respective trade receivables. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

As at 31 March 2015, 2016 and 30 September 2016, the carrying amounts of the Group's trade receivables are approximately HK\$38,387,000, HK\$41,008,000 and HK\$65,332,000 respectively. No impairment has been recognised during the Track Record Period or as at 31 March 2015, 2016 and 30 September 2016.

#### *Income taxes*

The Group is subject to income taxes in Hong Kong. Significant judgment is required in determining provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

### 5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to continue as a going concern while maximising the return to stakeholder through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged throughout the Track Record Period.

The capital structure of the Group consists of secured bank borrowings, bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure of the Group periodically. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new share issues. The directors of the Company will also consider the raise of borrowings as second resource of capital.

The directors of the Company also endeavor to ensure the steady and reliable cash flows from the normal business operation.

### 6. FINANCIAL RISK MANAGEMENT

#### (a) Categories of financial instruments

	As at 31 March		As at
	2015	2016	30 September
	HK\$'000	HK\$'000	2016
			HK\$'000
<b>Financial assets</b>			
Loans and receivables (including bank balances and cash)	77,291	104,825	110,227

	As at 31 March		As at 30 September
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
<b>Financial liabilities</b>			
Financial liabilities measured at amortised cost	75,637	95,054	85,190

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

The Group's and the Company's major financial instruments include trade receivables, deposits and other receivables, bank balances and cash, amounts due from a shareholder, trade payables, accruals and other payables, secured bank borrowings, obligations under finance leases and bank overdrafts. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included credit risk, interest rate risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

***Credit risk***

As at 31 March 2015, 2016 and 30 September 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 34(a).

As at 31 March 2015, the Group has concentration of credit risk as 36% and 77% of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. As at 31 March 2016, the Group has concentration of credit risk as 44% and 72% of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. As at 30 September 2016, the Group has concentration of credit risk as 53% and 75% of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk for bank balances is considered minimal as such amounts are placed with banks with high credit ratings assigned by international credit-rating agencies.

***Interest rate risk***

The Group is exposed to fair value interest rate risk in relation to fixed-rate obligations under finance leases (see note 24 for details). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

As at 31 March 2015, 2016 and 30 September 2016, the Group was exposed to cash flow interest rate risk in relation to bank balances, variable-rate pledged bank deposits and variable-rate bank borrowings and overdrafts (see notes 20 and 25 for details). It is the Group's policy to keep its bank borrowings and overdrafts at floating rate of interests so as to minimise the fair value interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") arising from the Group's Hong Kong dollar denominated borrowings.

*Sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the Track Record Period. The analysis is prepared assuming the financial instruments outstanding at the end of the Track Record Period were outstanding for the whole year. A 100 basis point increase or decrease is used for the Track Record Period when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower for the Track Record Period and all other variables were held constant, the Group's post-tax profit would increase/decrease by approximately HK\$29,000, HK\$49,000 and HK\$28,000 respectively for the two years ended 31 March 2015, 2016 and the six months ended 30 September 2016. This is mainly attributable to the Group's exposure to interest rates on its bank balances, variable-rate bank overdrafts and obligation under finance leases.

*Liquidity risk*

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, the Group relies on bank borrowings as a significant source of liquidity and the management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity date for the non-derivative financial liabilities is prepared based on the scheduled repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of each reporting period.

<b>Liquidity table</b>	<b>Within 1 year or on demand HK\$'000</b>	<b>1 to 2 years HK\$'000</b>	<b>2 to 5 years HK\$'000</b>	<b>Total undiscounted cash flows HK\$'000</b>	<b>Carrying amount HK\$'000</b>
<b>At 31 March 2015</b>					
Trade payable	5,632	–	–	5,632	5,632
Accruals and other payables	20,330	–	–	20,330	20,330
Obligations under finance leases	7,901	7,349	3,951	19,201	17,689
Bank borrowings and overdrafts	33,821	–	–	33,821	31,986
Financial guarantee contracts	21,000	–	–	21,000	–
	<u>88,684</u>	<u>7,349</u>	<u>3,951</u>	<u>99,984</u>	<u>75,637</u>
<b>At 31 March 2016</b>					
Trade payable	5,536	–	–	5,536	5,536
Accruals and other payables	28,398	–	–	28,398	28,398
Obligations under finance leases	9,046	5,188	3,724	17,958	16,573
Bank borrowings and overdrafts	47,147	–	–	47,147	44,547
Financial guarantee contracts	34,200	–	–	34,200	–
	<u>124,327</u>	<u>5,188</u>	<u>3,724</u>	<u>133,239</u>	<u>95,054</u>

Liquidity table	Within 1 year or on demand <i>HK\$'000</i>	1 to 2 years <i>HK\$'000</i>	2 to 5 years <i>HK\$'000</i>	Total undiscounted cash flows <i>HK\$'000</i>	Carrying amount <i>HK\$'000</i>
<b>At 30 September 2016</b>					
Trade payable	8,387	–	–	8,387	8,387
Accruals and other payables	30,862	–	–	30,862	30,862
Obligations under finance leases	9,325	4,584	7,043	20,952	19,242
Bank borrowings and overdrafts	28,033	–	–	28,033	26,699
Financial guarantee contracts	41,448	–	–	41,448	–
	<u>118,055</u>	<u>4,584</u>	<u>7,043</u>	<u>129,682</u>	<u>85,190</u>

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement and the fair value of such contracts at initial recognition is insignificant. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

**(c) Fair values of financial instruments**

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values due to their short-term maturities.

**7. 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:

	Year ended 31 March		Six months ended 30 September	
	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
			(Unaudited)	
Street cleaning solutions	164,313	207,224	87,675	134,949
Building cleaning solutions	83,790	79,308	37,684	50,386
Bus and ferry cleaning solutions	48,467	41,027	25,338	15,890
Other cleaning services	19,750	19,440	9,857	7,165
	<u>316,320</u>	<u>346,999</u>	<u>160,554</u>	<u>208,390</u>

**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 Track Record Period comprehensively. Accordingly, the Group does not present separately segment information.



During the Track Record Period, revenue is derived from customers in Hong Kong and all the non-current assets of the Group are located in Hong Kong.

### 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 customers

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

	Year ended 31 March		Six months ended 30 September	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Unaudited)	2016 HK\$'000
Customer A	164,342	204,803	86,264	135,090

### 8. OTHER INCOME

	Year ended 31 March		Six months ended 30 September	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Unaudited)	2016 HK\$'000
Bank interest income	1	8	1	1
Government subsidy ( <i>note</i> )	346	562	225	–
Gain on disposal of plant and equipment	–	160	–	–
Sundry income	71	35	11	109
	<u>418</u>	<u>765</u>	<u>237</u>	<u>110</u>

*Note:* The income is government subsidy received under the “Ex-gratia Payment Scheme for Phasing Out Pre-Euro Diesel Commercial Vehicles” upon disposal of certain motor vehicles.

### 9. FINANCE COSTS

	Year ended 31 March		Six months ended 30 September	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Unaudited)	2016 HK\$'000
<b>Interest on:</b>				
Bank overdrafts and borrowings	1,645	1,835	824	1,009
Obligations under finance leases	974	843	392	402
	<u>2,619</u>	<u>2,678</u>	<u>1,216</u>	<u>1,411</u>

## 10. INCOME TAX EXPENSES

	Year ended 31 March		Six months ended 30 September	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Unaudited)	2016 HK\$'000
<b>Current tax</b>				
Provision for Hong Kong Profits tax	2,618	2,688	1,092	2,079
<b>Over provision in prior year/period</b>	(128)	–	–	–
<b>Deferred tax (note 27)</b>	309	(35)	137	(159)
	<u>2,799</u>	<u>2,653</u>	<u>1,229</u>	<u>1,920</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the two years ended 31 March 2015, 2016 and the six months ended 30 September 2016.

The income tax expenses for the year/period can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 March		Six months ended 30 September	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Unaudited)	2016 HK\$'000
Profit before tax	<u>17,153</u>	<u>15,175</u>	<u>7,152</u>	<u>7,990</u>
Tax at the domestic income tax rate of 16.5%	2,830	2,503	1,180	1,320
Tax effect of expenses not deductible for tax purpose	139	218	50	601
Tax effect of income not taxable for tax purpose	(2)	(28)	(1)	(1)
Over provision in prior year/period	(128)	–	–	–
Effect of tax exemption granted (note)	(40)	(40)	–	–
Income tax expenses for the year/period	<u>2,799</u>	<u>2,653</u>	<u>1,229</u>	<u>1,920</u>

*Note:* Tax exemption represented a reduction of Hong Kong Profits Tax for the years of assessment 2014/2015 and 2015/2016 by 75%, subject to a ceiling of HK\$20,000.

Details of the deferred tax are set out in note 27.

## 11. PROFIT FOR THE YEAR/PERIOD

Profit for the year/period has been arrived at after charging:

	Year ended 31 March		Six months ended 30 September	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Unaudited)	2016 HK\$'000
Staff costs (including directors' remuneration)				
Wages, salaries and other benefits	231,983	263,068	114,948	155,512
Retirement benefits scheme contributions	9,231	9,593	4,636	5,442
Provision for long service payments	636	1,957	979	1,051
<b>Total staff costs</b>	<b>241,850</b>	<b>274,618</b>	<b>120,563</b>	<b>162,005</b>
Auditors' remuneration	21	62	–	2
Listing expenses	–	1,242	–	3,479
Depreciation of plant and equipment:				
– owned by the Group	1,135	1,177	473	507
– held under finance leases obligations	7,238	6,120	2,786	3,480
Minimum lease payments under operating leases in respect of – offices	276	309	154	156

## 12. EMOLUMENTS OF DIRECTORS, CHIEF EXECUTIVE AND EMPLOYEES

## (a) Directors' and chief executive's emoluments

The emoluments paid or payable to the directors of the Company, which include the chief executive of the Group, were as follows:

	Year ended 31 March 2015			Total HK\$'000
	Wong Man Sing HK\$'000 (note (ii))	Wong Chong Shing HK\$'000	Wong Chi Ho HK\$'000	
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings				
– Fees and other emoluments	–	–	–	–
– Contributions to retirement benefits scheme	–	–	–	–
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings (note (i))				
– Other emoluments	1,200	1,152	147	2,499
– Contributions to retirement benefits scheme	18	18	7	43
<b>Total</b>	<b>1,218</b>	<b>1,170</b>	<b>154</b>	<b>2,542</b>

	Year ended 31 March 2016			Total HK\$'000
	Wong Man Sing HK\$'000 (note (ii))	Wong Chong Shing HK\$'000	Wong Chi Ho HK\$'000	
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings				
– Fees and other emoluments	–	–	–	–
– Contributions to retirement benefits scheme	–	–	–	–
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings (note (i))				
– Other emoluments	740	704	240	1,684
– Contributions to retirement benefits scheme	18	18	12	48
	<u>758</u>	<u>722</u>	<u>252</u>	<u>1,732</u>

	Six months ended 30 September 2015			Total HK\$'000
	Wong Man Sing HK\$'000 (note (ii))	Wong Chong Shing HK\$'000	Wong Chi Ho HK\$'000	
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings				
– Fees and other emoluments	–	–	–	–
– Contributions to retirement benefits scheme	–	–	–	–
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings (note (i))				
– Other emoluments	350	326	120	796
– Contributions to retirement benefits scheme	9	9	6	24
	<u>359</u>	<u>335</u>	<u>126</u>	<u>820</u>

	Six months ended 30 September 2016			Total HK\$'000
	Wong Man Sing HK\$'000 (note (ii))	Wong Chong Shing HK\$'000	Wong Chi Ho HK\$'000	
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertakings				
– Fees and other emoluments	–	–	–	–
– Contributions to retirement benefits scheme	–	–	–	–
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertakings (note (i))				
– Other emoluments	480	480	210	1,170
– Contributions to retirement benefits scheme	9	9	9	27
	489	489	219	1,197
	489	489	219	1,197

*Notes:*

- (i) The emoluments represent the payments to the directors in respect of their services in connection with management of the affairs of the Group.
- (ii) Mr. Wong Man Sing was appointed as the chief executive of the Company on 12 August 2016 and his emoluments disclosed above include those for services rendered by him as the chief executive.

Neither the chief executive nor any of the directors of the Company waived or agreed to waive any emolument paid by the Group during the Track Record Period.

**(b) Employees' emoluments**

Of the five individuals with the highest emoluments in the Group, 2 were the directors (including the chief executive) of the Company for the both years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016 whose emoluments are included in the disclosures above. The emoluments of the remaining 3 individuals for the two years ended 31 March 2015 and 2016 and the six months ended 30 September 2015 and 2016 were as follows:

	Year ended 31 March		Six months ended 30 September	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000 (Unaudited)	2016 HK\$'000
Salaries and allowances	1,529	1,528	736	887
Retirement benefits scheme contributions	50	60	26	27
	1,579	1,588	762	914
	1,579	1,588	762	914

Their emoluments were within the following band:

	Year ended 31 March		Six months ended 30 September	
	2015	2016	2015	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Nil to HK\$1,000,000	3	3	3	3

(Unaudited)

No emoluments were paid by the Group to any of the directors (including the chief executive) or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the two years ended 31 March 2015, 2016 and the six months ended 30 September 2016.

### 13. DIVIDEND

The dividend paid by a subsidiary of the Company, Man Shing Cleaning Service, to its then shareholders during the year ended 31 March 2015 was amounted to HK\$6,000,000.

No dividend was paid or proposed by the Group during the year ended 31 March 2016 and the six months ended 30 September 2016.

Subsequent to the end of reporting period, special dividend of approximately HK\$13,000,000 has been declared in respect of the year ended 31 March 2016 to the shareholders before listing, and was paid in December 2016 and January 2017.

### 14. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the reorganisation and the preparation of the results of the Group for the Track Record Period as disclosed in note 1 above.

### 15. INVESTMENTS IN SUBSIDIARIES

#### The Company

	At 31 March		At
	2015	2016	30 September 2016
	HK\$'000	HK\$'000	HK\$'000
Unlisted investments, at cost	–	30,070	30,070

The details of the subsidiaries as at 31 March 2016 and 30 September 2016 are set out as follows:

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid share capital	Attributable equity interest held by the Company	Principal activities
Man Shing Global (BVI)	BVI 21 March 2016	US\$1	100%	Investment holding
Man Shing Global Group	Hong Kong 21 March 2016	HK\$1	100%	Investment holding
Man Shing Global Group (BVI)	BVI 21 March 2016	US\$1	100%	Investment holding
Man Shing Environmental (BVI)	BVI 21 March 2016	US\$1	100%	Investment holding
Jasen Services (BVI)	BVI 21 March 2016	US\$1	100%	Investment holding
Man Shing Cleaning Service	Hong Kong 29 July 1998	HK\$100,000	100%	Provision of cleaning services
Man Shing Environmental	Hong Kong 1 September 2015	HK\$100	100%	Provision of waste collecting services
Jasen Services	Hong Kong 18 May 1995	HK\$10,000	100%	Provision of cleaning services

#### 16. PLANT AND EQUIPMENT

	Office equipment <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>COST</b>					
At 1 April 2014	684	6,198	329	31,153	38,364
Additions	71	580	10	4,018	4,679
At 31 March 2015 and 1 April 2015	755	6,778	339	35,171	43,043
Additions	45	335	10	6,643	7,033
Disposals	–	–	–	(1,328)	(1,328)
At 31 March 2016	800	7,113	349	40,486	48,748
Additions	70	280	3	6,916	7,269
At 30 September 2016	870	7,393	352	47,402	56,017

	Office equipment <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>ACCUMULATED DEPRECIATION</b>					
At 1 April 2014	611	3,444	263	12,345	16,663
Charge for the year	<u>50</u>	<u>1,062</u>	<u>23</u>	<u>7,238</u>	<u>8,373</u>
At 31 March 2015 and 1 April 2015	661	4,506	286	19,583	25,036
Charge for the year	50	1,102	25	6,120	7,297
Disposals	<u>–</u>	<u>–</u>	<u>–</u>	<u>(1,328)</u>	<u>(1,328)</u>
At 31 March 2016	711	5,608	311	24,375	31,005
Charge for the period	<u>17</u>	<u>479</u>	<u>11</u>	<u>3,480</u>	<u>3,987</u>
At 30 September 2016	<u>728</u>	<u>6,087</u>	<u>322</u>	<u>27,855</u>	<u>34,992</u>
<b>CARRYING VALUES</b>					
At 31 March 2015	<u>94</u>	<u>2,272</u>	<u>53</u>	<u>15,588</u>	<u>18,007</u>
At 31 March 2016	<u>89</u>	<u>1,505</u>	<u>38</u>	<u>16,111</u>	<u>17,743</u>
At 30 September 2016	<u>142</u>	<u>1,306</u>	<u>30</u>	<u>19,547</u>	<u>21,025</u>

The above items of plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Office equipment	20%
Plant and machinery	20%
Furniture and fixtures	20%
Motor vehicles	20%

The net book value of plant and equipment of approximately HK\$18,007,000, HK\$17,743,000 and HK\$21,025,000 respectively as at 31 March 2015, 2016 and 30 September 2016 include amounts of approximately HK\$15,526,000, HK\$14,334,000 and HK\$17,333,000 respectively in respect of certain motor vehicles held under finance leases.

#### 17. AMOUNT DUE FROM A SHAREHOLDER

The amount due from a shareholder is unsecured, interest-free and repayable on demand. The amount is denominated in Hong Kong dollars.

The carrying amount of amount due from a shareholder approximates its fair value.



The amount due from a shareholder is not impaired.

Amount due from a shareholder was summarised as follows:

	<b>At the end of year/period</b>	<b>At the beginning of year/period</b>	<b>Maximum amount outstanding during the year/period</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Mr. Wong Chong Shing At 31 March 2015	287	(338)	287
At 31 March 2016	9,503	287	9,503
At 30 September 2016	7,079	9,503	9,503

#### 18. TRADE RECEIVABLES

	<b>At 31 March 2015</b>	<b>2016</b>	<b>At 30 September 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	38,387	41,008	65,332

The Group does not hold any collateral over its trade receivables. No impairment of trade receivables had been recognised during the two years ended 31 March 2015 and 2016 and the six months ended 30 September 2016 or as at 31 March 2016 and 30 September 2016.

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.

	<b>At 31 March 2015</b>	<b>2016</b>	<b>At 30 September 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 60 days	36,746	38,993	64,068
61 to 90 days	690	–	624
Over 91 days	951	2,015	640
	38,387	41,008	65,332

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and aged analysis of the receivables which requires the use of judgment and estimates. Provisions would apply to the receivables when there are events or changes in circumstances 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:

	<b>At 31 March 2015</b>	<b>2016</b>	<b>At 30 September 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current	36,746	38,993	64,068
1 to 90 days	1,219	1,895	1,264
91 to 180 days	422	120	–
	<u>38,387</u>	<u>41,008</u>	<u>65,332</u>

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\$1,641,000, HK\$2,015,000 and HK\$1,264,000 as at 31 March 2015, 2016 and 30 September 2016 respectively which were past due at the end of the reporting period for which the Group has not provided for impairment loss. 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 2015, 2016 and 30 September 2016, the Group pledged the trade receivables of approximately HK\$20,484,000, HK\$24,407,000 and HK\$27,285,000 to secure bank borrowings respectively. Details of pledge of assets are set out in note 30.

#### 19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>The Group</b>			<b>The Company</b>	
	<b>At 31 March 2015</b>	<b>2016</b>	<b>At 30 September 2016</b>	<b>At 31 March 2016</b>	<b>At 30 September 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Deposits	2,478	3,433	3,527	–	–
Prepayments	544	2,234	3,082	–	–
Prepaid listing expenses	–	2,914	2,154	2,914	2,154
Tax recoverable	–	149	–	–	–
Other receivables	714	483	991	–	–
	<u>3,736</u>	<u>9,213</u>	<u>9,754</u>	<u>2,914</u>	<u>2,154</u>

#### 20. PLEDGED BANK DEPOSITS AND BANK BALANCES AND CASH

##### Pledged bank deposits

Pledged bank deposits represented deposits pledged to banks to secure banking facilities granted to the Group. The bank deposits of approximately HK\$3,275,000, HK\$11,654,000 and HK\$25,758,000 as at 31 March 2015, 31 March 2016 and 30 September 2016 respectively have been pledged by Man Shing Cleaning Service and Jasen Services to secure short-term bank borrowing (note 25) and is therefore classified as current asset. The pledged bank deposits carried fixed interest rates ranging from 0.0010% to 0.0500% per annum during the two years ended 31 March 2015, 2016 and the six months ended 30 September 2016.

##### Cash and cash equivalents

Bank balances earned interest at floating rates based on daily bank deposit rates ranging from 0.0010% to 0.0500% per annum.

## 21. TRADE PAYABLES

	At 31 March		At
	2015	2016	30 September
	HK\$'000	HK\$'000	2016
			HK\$'000
Trade payables	5,632	5,536	8,387

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

	At 31 March		At
	2015	2016	30 September
	HK\$'000	HK\$'000	2016
			HK\$'000
0 to 60 days	5,112	4,706	7,179
61 to 90 days	355	–	1,101
Over 91 days	165	830	107
	<u>5,632</u>	<u>5,536</u>	<u>8,387</u>

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.

## 22. ACCRUALS AND OTHER PAYABLES

	The Group			The Company		
	At 31 March	At	At 31 March	At	At	
	2015	30 September	2016	2016	30 September	
	HK\$'000	2016	HK\$'000	HK\$'000	HK\$'000	
Accrued audit fee	21	62	99	–	–	
Accrued wages	19,382	23,208	29,460	–	–	
Accrued listing expenses	–	481	489	481	489	
Other payables	936	4,652	814	3,697	–	
	<u>20,339</u>	<u>28,403</u>	<u>30,862</u>	<u>4,178</u>	<u>489</u>	

## 23. AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary is unsecured, interest free and repayable on demand.

## 24. OBLIGATIONS UNDER FINANCE LEASES

	At 31 March		At
	2015	2016	30 September
	HK\$'000	HK\$'000	2016
			HK\$'000
Analysed for reporting purposes as:			
Current liabilities	7,164	8,294	8,481
Non-current liabilities	10,525	8,279	10,761
	<u>17,689</u>	<u>16,573</u>	<u>19,242</u>

	Minimum lease payments			Present value of minimum lease payments		
	At 31 March		At 30 September	At 31 March		At 30 September
	2015	2016	2016	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<i>Amounts payable under finance leases</i>						
Within one year	7,901	9,046	9,325	7,164	8,294	8,481
More than one year but less than two years	7,349	5,188	4,584	6,794	4,813	4,174
More than two years but less than five years	3,951	3,724	7,043	3,731	3,466	6,587
	19,201	17,958	20,952	17,689	16,573	19,242
Less: future finance charges	(1,512)	(1,385)	(1,710)	N/A	N/A	N/A
Present value of obligations under finance leases	17,689	16,573	19,242	17,689	16,573	19,242
Less: Amount due for settlement within 1 year (shown under current liabilities)				(7,164)	(8,294)	(8,481)
Amount due for settlement after 1 year				10,525	8,279	10,761

During the Track Record Period, the Company entered into finance lease arrangements of motor vehicles. The average lease terms are 5 years for the two years ended 31 March 2015 and 2016 and the six months ended 30 September 2016. As at 31 March 2015, 2016 and 30 September 2016, the amount due for settlement within 1 year are approximately HK\$7,164,000, HK\$8,294,000 and HK\$8,481,000 respectively. The effective interest rate for the obligations under finance leases for the two years ended 31 March 2015, 2016 and the six months ended 30 September 2016 were under fixed rates and ranged from 1.80% to 3.75% per annum.

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets and pledged by the equity interest of certain subsidiaries.

## 25. BANK BORROWINGS AND OVERDRAFTS

	At 31 March		At 30 September
	2015	2016	2016
	HK\$'000	HK\$'000	HK\$'000
Bank borrowings – secured	29,192	43,923	26,627
Bank overdrafts – secured	2,794	624	72
	31,986	44,547	26,699
Carrying amount repayable*			
Within one year	31,986	44,547	26,699

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

- The bank borrowings were denominated in HK\$ for the Track Record Period.
- At 31 March 2015, 2016 and 30 September 2016, secured bank loans carried interest at floating rates ranging from 2.00% to 7.50%; 4.69% to 7.50% and 2.05% to 7.50% per annum respectively.
- At 31 March 2015, 31 March 2016 and 30 September 2016, bank overdrafts carried interest at floating rates from 1.75% to 3.50% per annum.

- (d) The amounts of banking facilities and the utilisation at the end of the reporting period are set out as follows:

	<b>At 31 March 2015</b>	<b>2016</b>	<b>At 30 September 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Facility amount	71,435	104,300	117,103
Utilisation			
– Secured bank borrowings	29,192	43,923	26,626
– Secured bank overdrafts	2,794	624	72
– Performance bonds	21,000	34,200	41,448
	<u>52,986</u>	<u>78,747</u>	<u>68,146</u>

As at 31 March 2015, 2016 and 30 September 2016, banking facilities were secured by assets pledged as set out in note 30:

- certain trade receivables of a subsidiary;
- certain cash deposits of subsidiaries;
- unlimited personal guarantee provided by the directors of the Company; and
- certain cash deposits and properties of the directors of the Company.

## 26. LONG SERVICE PAYMENT OBLIGATIONS

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

Movement in the long service payment obligations is as followings:

	<b>At 31 March 2015</b>	<b>2016</b>	<b>At 30 September 2016</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	381	1,017	2,974
Charged to profit or loss	636	1,957	1,051
At the end of the year	<u>1,017</u>	<u>2,974</u>	<u>4,025</u>

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

The value of the retirement benefits of the Group was determined by the management's best estimation.

**27. DEFERRED TAX**

The following is the analysis of the Group's deferred (asset) liabilities for financial reporting purposes:

	<b>Tax losses</b> <i>HK\$'000</i>	<b>Accelerated tax depreciation</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2014	(72)	935	863
Charged to profit or loss	<u>72</u>	<u>237</u>	<u>309</u>
At 31 March 2015 and 1 April 2015	–	1,172	1,172
(Credited) charged to profit or loss	<u>(252)</u>	<u>217</u>	<u>(35)</u>
At 31 March 2016	<u>(252)</u>	<u>1,389</u>	<u>1,137</u>
(Credited) charged to profit or loss	<u>(232)</u>	<u>73</u>	<u>(159)</u>
At 30 September 2016	<u>(484)</u>	<u>1,462</u>	<u>978</u>

**28. SHARE CAPITAL AND RESERVES****(a) Share capital**

The balances as at 1 April 2014 and 31 March 2015 represented the aggregate share capital of Man Shing Cleaning Service and Jasen Services.

The balances of share capital as at 31 March 2016 and 30 September 2016 represented share capital of the Company.

The Company was incorporated in Cayman Island on 22 March 2016. As at the date of its incorporation, the Company had authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. One ordinary share was issued at par on incorporation. On 30 March 2016, as part of Reorganisation, the Company further allotted and issued a total of 81 shares at par in consideration for acquisition of subsidiaries.

On 16 July 2016, the Company has entered into a share subscription agreement with an independent third party, Mr. Chan Shing Yi Jacky ("Mr. Chan"), pursuant to which 18 ordinary shares with a nominal value of HK\$0.01 each were issued and allotted to Pro-Integration Limited ("Pro-Integration") at a total consideration of HK\$9,600,000. Pro-Integration is wholly and beneficially owned by Mr. Chan.

**(b) Reserves****(i) Other reserve**

Other reserve represented the difference between the issued capital of the Company and the nominal value of the share capital of the combined entities arising pursuant to the Reorganisation.

## (ii) Reserve of the Company

	Share Premium HK\$'000 (Note b)	Other reserve HK\$'000 (Note a)	Accumulated loss HK\$'000	Total HK\$'000
At date of incorporation	–	–	–	–
Total comprehensive expenses for the period	–	–	(1,264)	(1,264)
Arising from reorganisation	–	30,070	–	30,070
	<u>–</u>	<u>30,070</u>	<u>–</u>	<u>30,070</u>
At 31 March 2016	–	30,070	(1,264)	28,806
Capital injection from the shareholder of the Company	9,600	–	–	9,600
Total comprehensive expenses for the period	–	–	(3,479)	(3,479)
	<u>–</u>	<u>–</u>	<u>(3,479)</u>	<u>(3,479)</u>
At 30 September 2016	<u>9,600</u>	<u>30,070</u>	<u>(4,743)</u>	<u>34,927</u>

*Note a:* Other reserve represents the difference between the nominal value of the shares issued for acquisition of its subsidiaries and the net asset value of its subsidiaries at the date of acquisition.

*Note b:* The share premium represents the excess of the consideration over the nominal value of share issued and allotted.

## 29. OPERATING LEASE COMMITMENT

## The Group as lessee

The Group leases its office under operating lease arrangement. The leases are negotiated for lease terms of two years. At the end of each reporting period, the Group had future minimum lease payments under non-cancellable operating leases which fall due as follows:

	At 31 March 2015 HK\$'000	2016 HK\$'000	At 30 September 2016 HK\$'000
Within one year	228	239	284
In the second to fifth years inclusive	119	34	136
	<u>347</u>	<u>273</u>	<u>420</u>

## 30. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to banks and other financial institutions to secure the banking facilities granted to the Group:

	At 31 March 2015 HK\$'000	2016 HK\$'000	At 30 September 2016 HK\$'000
Trade receivables	20,484	24,407	27,285
Pledged bank deposits	3,275	11,654	25,758
	<u>23,759</u>	<u>36,061</u>	<u>53,043</u>

**31. RELATED PARTY TRANSACTIONS**

- (a) Save as disclosed elsewhere in the Financial Information, during the Track Record Period, the Group entered into transaction with related party as follows:

Related party	Nature of transaction	Year ended 31 March		Six months ended 30 September	
		2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
Mr. Wong Chong Shing	Rental expenses	276	309	154	156

(Unaudited)

The above transaction was conducted at terms determined on a basis mutually agreed between the Group and the related party. Mr. Wong Chong Shing is a director and one of the Controlling Parties of the Company.

**(b) Banking facilities**

The directors of the Company have provided unlimited personal guarantee, properties and cash deposits for the grant of banking facilities to the Group as disclosed in note 25.

**(c) Compensation of key management personnel**

The remuneration of directors of the Company and other members of key management personnel during the Track Record Period was as follows:

	Year ended 31 March		Six months ended 30 September	
	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000
Short-term benefits	2,499	1,684	796	1,170
Post-employment benefits	43	48	24	27
	<u>2,542</u>	<u>1,732</u>	<u>820</u>	<u>1,197</u>

(Unaudited)

**32. RETIREMENT BENEFIT SCHEMES**

The Group operates a Mandatory Provident Fund (“MPF”) Scheme for all qualifying employees in Hong Kong. The assets of the MPF are held separately from those of the Group, in funds under the control of trustees. The retirement benefit cost for the MPF charged to the consolidated statement of profit or loss and other comprehensive income represents contributions payable to the fund by the Group at rates specified in the rules of the MPF Scheme.

For members of the MPF Scheme, the Group contributes 5% of relevant payroll costs, capped at HK\$1,500 (HK\$1,250 prior to June 2014) per month, to the MPF Scheme, in which the contribution is matched by the employee.

The total amount represents contributions payables to these schemes by the Group and charged to consolidated statement of profit or loss and other comprehensive income of approximately HK\$9,231,000, HK\$9,593,000, HK\$4,636,000 and HK\$5,442,000 for the two years ended 31 March 2015, 2016 and the six months ended 30 September 2015 and 2016 respectively. The payment represents contributions payable to these schemes by the Group in respect of the current accounting period.



**33. MAJOR NON-CASH TRANSACTIONS**

During each of years ended 31 March 2015, 2016 and the six months ended 30 September 2016, the Group entered into finance lease arrangements in respect of plant and machinery with a total capital value at the inception of the leases of approximately HK\$3,851,000, HK\$6,706,000 and HK\$6,831,000 respectively.

**34. CONTINGENT LIABILITIES****(a) Performance bonds**

	<b>At 31 March</b>		<b>At</b>
	<b>2015</b>	<b>2016</b>	<b>30 September</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>2016</i>
			<i>HK\$'000</i>
Guarantees on performance bonds in respect of service contracts	21,000	34,200	41,448

The Group had bankers' guarantees on performance bonds issued for due performance under several service contracts.

The amounts of the pledged deposits to banks as security for banking facilities and bank guarantees as at 31 March 2015, 2016 and 30 September 2016 are approximately HK\$3,275,000, HK\$11,654,000 and HK\$25,758,000 respectively. Details of banking facilities are set out in note 30.

The effective periods of performance bonds are based on the service periods and the contract terms. The performance bonds may be claimed by customers if services rendered by the Group fail to meet the standards as specified in these services contracts.

**(b) Litigations**

During the Track Record Period, the Group may from time to time be involved in litigation concerning personal injuries by its employees or third party claimants. In the opinion of the directors of the Company, no material potential liabilities arising from legal proceedings are accounted for in the Financial Information as they are adequately covered by insurance protection.

A fatal traffic accident occurred in September 2016 which exposed a subsidiary of the Company to a potential claim. As at the date of this report, there is no legal proceeding initiated against the subsidiary. Based on the legal advice obtained, the directors of the Company considered that the exposure to the potential damages, if any, is expected to be lower than HK\$1,000,000 and assuming that the third party insurance policy is in order, such damage is expected to be adequately covered by relevant third party insurance.

**B. EVENTS AFTER THE REPORTING PERIOD**

Subsequent to reporting period, the Group has the following events:

**i. Dividend**

Subsequent to the end of reporting period, special dividend of approximately HK\$13,000,000 has been declared in respect of the year ended 31 March 2016 to the shareholders before listing, and was paid in December 2016 and January 2017.

**ii. Capitalisation Issue**

Pursuant to shareholders' written resolution passed on 20 March 2017, the authorised share capital of the Company increased upon capitalisation of certain sums standing to the credit of the share premium account of the Company (the "Capitalisation Issue"). Details of the Capitalisation Issue are set out in the section headed "Share Capital" in the Prospectus.

**iii. Share Option Scheme**

Pursuant to shareholders' written resolution passed on 20 March 2017, a share option scheme has been conditionally adopted by the Company (the "Share Option Scheme"). The principle terms of the Share Option Scheme are summarised in "Statutory and general information – D. Share Option Scheme" in Appendix IV to this Prospectus. No share option has been granted under the Share Option Scheme up to the date of this report.

**C. SUBSEQUENT FINANCIAL STATEMENTS**

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to 30 September 2016.

Yours faithfully,

**SHINEWING (HK) CPA Limited**  
*Certified Public Accountants*  
**Wong Chuen Fai**  
Practising Certificate Number: P05589  
Hong Kong

## UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this appendix does not form part of the Accountants' Report prepared by the reporting accountants of the Company, SHINEWING (HK) CPA Limited, as set out in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report as set out in Appendix I to this prospectus.

## A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group (the "Unaudited Pro Forma Net Tangible Assets") prepared in accordance with Rule 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited is for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2016 as if the Share Offer had taken place on 30 September 2016.

This Unaudited Pro Forma Net Tangible Assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 30 September 2016 or at any future dates following the Share Offer. It is prepared based on the audited consolidated net tangible assets of the Group as at 30 September 2016 as set out in the Accountants' Report of the Group, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2016 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Share Offer <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Share Offer <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share as at 30 September 2016 <i>HK\$</i> <i>(Note 3)</i>
Based on the Offer Price of HK\$0.28 per Offer Share	44,365	19,241	63,606	0.11
Based on the Offer Price of HK\$0.32 per Offer Share	44,365	24,881	69,246	0.12

*Notes:*

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2016 has been extracted from the Accountants' Report as set out in Appendix I to this prospectus.
- (2) The estimated net proceeds of the Share Offer are based on 150,000,000 Offer Shares and the respective Offer Price of HK\$0.28 or HK\$0.32 per Offer Share, after deduction of the underwriting commission and other related expenses payable by the Company in relation to the Share Offer. The estimated net proceeds do not take into account any shares which may be allotted and issued upon the exercise of any options granted under the Share Option Scheme as described in the sub-section headed "Appendix IV – D. Share Option Scheme" of this prospectus.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share is calculated based on 600,000,000 Shares in issue (including Shares in issue as at the date of this prospectus and those Shares expected to be issued pursuant to the Share Offer and the Capitalisation Issue but not taking into account any Shares which may be issued upon the exercise of any options granted under the Share Option Scheme).
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share have not taken into account the special dividend declared on 7 November 2016 for payment to the then shareholders of the entity amounting to HK\$13,000,000. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 September 2016 would have been reduced to HK\$50,606,000 and HK\$56,246,000 and the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share would have been reduced to HK\$0.08 and HK\$0.09 per Share, based on the Offer Price of HK\$0.28 and HK\$0.32 per Share respectively, after taking into account the payment of the dividend in the sum of HK\$13,000,000.
- (5) No adjustments have been made to the Unaudited Pro Forma Net Tangible Assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2016.

**B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*The following is the text of a report, prepared for the purpose of incorporation in this document, received from the independent reporting accountant, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong.*



SHINEWING (HK) CPA Limited  
43/F., Lee Garden One  
33 Hysan Avenue  
Causeway Bay, Hong Kong

30 March 2017

The Board of Directors  
Man Shing Global Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Man Shing Global Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma net tangible assets as at 30 September 2016 and related notes as set out on pages II-1 to II-2 of the prospectus dated 30 March 2017 (the “Prospectus”) in connection with the proposed share offer (the “Share Offer”) of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in notes to the unaudited pro forma financial information.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Share Offer on the Group’s financial position as at 30 September 2016 as if the Share Offer had taken place at 30 September 2016. As part of this process, information about the Group’s financial position has been extracted by the directors of the Company from the Group’s financial statements as at 30 September 2016, on which an accountants’ report has been published and included in the Prospectus.

**Directors’ Responsibility for the Unaudited Pro Forma Financial Information**

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“AG7”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 31 of Chapter 7 of the GEM Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of the Share Offer on unadjusted financial information of the Group as if the Share Offer had been completed at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Share Offer at 30 September 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of the Company in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Rules.

Yours faithfully,

**SHINEWING (HK) CPA Limited**

*Certified Public Accountants*

**Wong Chuen Fai**

Practising Certificate Number: P05589

Hong Kong

**SUMMARY OF THE CONSTITUTION OF OUR COMPANY**

**1     Memorandum of Association**

The Memorandum of Association of our Company was conditionally adopted on 20 March 2017 and states, inter alia, that the liability of the members of our Company is limited, that the objects for which our Company is established are unrestricted and our Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed “Documents available for inspection”.

**2     Articles of Association**

The Articles of Association of our Company were conditionally adopted on 20 March 2017 and include provisions to the following effect:

***2.1    Classes of Shares***

The share capital of our Company consists of ordinary shares. The capital of our Company at the date of adoption of the Articles is HK\$100,000,000 divided into 10,000,000,000 shares of HK\$0.01 each.

***2.2    Directors***

***(a)    Power to allot and issue Shares***

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in our Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by our Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of our Company or the holder thereof, liable to be redeemed.



*(b) Power to dispose of the assets of our Company or any subsidiary*

The management of the business of our Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by our Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by our Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by our Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

*(c) Compensation or payment for loss of office*

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by our Company in general meeting.

*(d) Loans to Directors*

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

*(e) Financial assistance to purchase Shares*

Subject to all applicable laws, our Company may give financial assistance to Directors and employees of our Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in our Company or any such subsidiary or holding company. Further, subject to all applicable laws, our Company may give financial assistance to a trustee for the acquisition of shares in our Company or shares in any such subsidiary or holding company to be held for the benefit of employees of our Company, its subsidiaries, any holding company of our Company or any subsidiary of any such holding company (including salaried Directors).

*(f) Disclosure of interest in contracts with our Company or any of its subsidiaries*

No Director or proposed Director shall be disqualified by his office from contracting with our Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of our Company with any person, company or partnership of or in which any Director shall

be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to our Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by our Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the Listing Rules, his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

- (i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of our Company or any of its subsidiaries;
- (ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of our Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning an offer of shares, debentures or other securities of or by our Company or any other company which our Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any proposal or arrangement concerning the benefit of employees of our Company or any of its subsidiaries including:
  - (A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of our Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of our Company by virtue only of his/their interest in shares or debentures or other securities of our Company.

(g) *Remuneration*

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or our Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in our Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of our Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of our Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of our Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including

share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

*(h) Retirement, appointment and removal*

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of our Company and shall then be eligible for re-election at that meeting.

Our Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between our Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). Our Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. Our Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of our Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of our Company notice in writing by a member of our Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

- (i) if he resigns his office by notice in writing to our Company at its registered office or its principal office in Hong Kong;

- (ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;
- (iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;
- (iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;
- (vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or
- (vii) if he shall be removed from office by an ordinary resolution of the members of our Company under the Articles of Association.

At every annual general meeting of our Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. Our Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) *Borrowing powers*

The Directors may from time to time at their discretion exercise all the powers of our Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of our Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) *Proceedings of the Board*

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

### *2.3 Alteration to constitutional documents*

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

### *2.4 Variation of rights of existing shares or classes of shares*

If at any time the share capital of our Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

### *2.5 Alteration of capital*

Our Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

Our Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that

purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to our Company for our Company's benefit;

- (b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as our Company has power to attach to unissued or new shares.

Our Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law.

#### ***2.6 Special resolution – majority required***

A “special resolution” is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of our Company entitled to vote at a general meeting of our Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an “ordinary resolution” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of our Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of our Company aforesaid.

### *2.7 Voting rights*

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of our Company.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of our Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of our Company duly registered and who shall have paid all sums for the time being due from him payable to our Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of our Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the Listing Rules to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of our Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of our Company or at any general meeting of any class of members of our Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each



such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of our Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

### ***2.8 Annual general meetings***

Our Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

### ***2.9 Accounts and audit***

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of our Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of our Company, or any of them, shall be open to the inspection of members of our Company (other than officers of our Company) and no such member shall have any right of inspecting any accounts or books or documents of our Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by our Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of our Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of our Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of our Company for the period covered by the profit and loss account and the state of our Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of our Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by our Company as provided in the Articles of Association to every member of our Company and every holder of debentures of our Company provided that our Company shall not be required to send copies of those documents to any person of whose address our Company is not aware or to more than one of the joint holders of any shares or debentures.

Our Company shall at every annual general meeting appoint an auditor or auditors of our Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by our Company at the annual general meeting at which they are appointed provided that in respect of any particular year our Company in general meeting may delegate the fixing of such remuneration to the Directors.

#### ***2.10 Notice of meetings and business to be conducted thereat***

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of our Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from our Company).

Notwithstanding that a meeting of our Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all members of our Company entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

#### ***2.11 Transfer of shares***

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of our Company in respect thereof. All instruments of transfer shall be retained by our Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which our Company has a lien. The Directors may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with our Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);
- (d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of our Company; and
- (f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to our Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with our Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by our Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of our Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of our Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

#### ***2.12 Power of our Company to purchase its own shares***

Our Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of our Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements

imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

### ***2.13 Power of any subsidiary of our Company to own shares***

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

### ***2.14 Dividends and other methods of distribution***

Subject to the Companies Law and Articles of Association, our Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of our Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of our Company such interim dividends as appear to the Directors to be justified by the profits of our Company. The Directors may also pay half-yearly or at other intervals to be selected by them at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of our Company all sums of money (if any) presently payable by him to our Company on account of calls, instalments or otherwise.

No dividend shall carry interest against our Company.

Whenever the Directors or our Company in general meeting have resolved that a dividend be paid or declared on the share capital of our Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members

of our Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of our Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. Our Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of our Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of our Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of our Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of our Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of our Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to our Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Our Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, our Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to our Company.

The Directors may, with the sanction of the members of our Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of our Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of our Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

### *2.15 Proxies*

Any member of our Company entitled to attend and vote at a meeting of our Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of our Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of our Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of our Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

### *2.16 Calls on shares and forfeiture of shares*

The Directors may from time to time make calls upon the members of our Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of our Company shall

(subject to our Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of our Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of our Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to our Company all monies which at the date of forfeiture were payable by him to our Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

***2.17 Inspection of register of members***

The register of members of our Company shall be kept in such manner as to show at all times the members of our Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by our Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of our Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of our Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the Listing Rules as the Directors may determine for each inspection.

***2.18 Quorum for meetings and separate class meetings***

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of our Company present in person or by proxy shall be a quorum provided always that if our Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of our Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of our Company or at any relevant general meeting of any class of members of our Company.

The quorum for a separate general meeting of the holders of a separate class of shares of our Company is described in paragraph 2.4 above.

***2.19 Rights of minorities in relation to fraud or oppression***

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.



### *2.20 Procedure on liquidation*

If our Company shall be wound up, and the assets available for distribution amongst the members of our Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of our Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of our Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of our Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If our Company shall be wound up, the liquidator may with the sanction of a special resolution of our Company and any other sanction required by the Companies Law, divide amongst the members of our Company in specie or kind the whole or any part of the assets of our Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of our Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of our Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of our Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

### *2.21 Untraceable members*

Our Company shall be entitled to sell any shares of a member of our Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) our Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, our Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by our Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to our Company and upon receipt by our Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

**SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION****1 Introduction**

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

**2 Incorporation**

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 March 2016 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. Our Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

**3 Share Capital**

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the “share premium account”. At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as our company may from time to time determine including, but without limitation:

- (a) paying distributions or dividends to members;
- (b) paying up unissued shares of our company to be issued to members as fully paid bonus shares;
- (c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);
- (d) writing-off the preliminary expenses of our company;
- (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of our company; and

- (f) providing for the premium payable on redemption or purchase of any shares or debentures of our company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid our company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of our company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of our company. The articles of association may provide that the manner of purchase may be determined by the directors of our company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of our company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, our company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of our company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of our company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

#### **4 Dividends and Distributions**

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of our company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

## 5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of our company to challenge (a) an act which is *ultra vires* our company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of our company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

## 6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of our company in issue, appoint an inspector to examine into the affairs of our company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that our company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by our company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

## 7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of our company.

## 8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by our company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by our company; and
- (c) the assets and liabilities of our company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of our company's affairs and to explain its transactions.

## **9 Register of Members**

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

## **10 Inspection of Books and Records**

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of our company. They will, however, have such rights as may be set out in our company's articles of association.

## **11 Special Resolutions**

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of our company may take effect as special resolutions if this is authorised by the articles of association of our company.

## **12 Subsidiary Owning Shares in Parent**

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

### 13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) “merger” means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) “consolidation” means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company’s articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

### 14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

**15 Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

**16 Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

**17 Liquidation**

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if our company is solvent, or (b) by an ordinary resolution of its members if our company is insolvent. The liquidator's duties are to collect the assets of our company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge our company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

**18 Stamp Duty on Transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**19 Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, our Company has obtained an undertaking from the Governor in Cabinet:

- (a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to our Company or its operations; and

- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:
  - (i) on or in respect of the shares, debentures or other obligations of our Company;  
or
  - (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking is for a period of twenty years from 8 November 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to our Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to our Company.

## **20 Exchange Control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

## **21 General**

Maples and Calder (Hong Kong) LLP, our Company's legal advisers on Cayman Islands law, have sent to our Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents available for inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.



**A. FURTHER INFORMATION ABOUT OUR COMPANY****1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 18 March 2016. Our Company has established a place of business in Hong Kong at Unit 10, 11/F., Trans Asia Centre, 18 Kin Hong Street, Kwai Chung, New Territories, Hong Kong and was registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on 27 April 2016. In connection with such registration, Mr. C.S. Wong of Flat 2001, 20th Floor, Block C, Hiu Ching House, Hiu Lai Court, Hiu Kwong Street, Sau Mau Ping, Kowloon, Hong Kong and Mr. M.S. Wong of Room 1906, 19th Floor, Chung Pik House, Tin Chung Court, Tin Shui Wai, New Territories, Hong Kong, have been appointed as authorised representatives of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company was incorporated in the Cayman Islands, its operations are subject to the Companies Law and its constitution, which comprises the Memorandum of Association and the Articles of Association. A summary of certain provisions of our Company's constitution and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

**2. Changes in share capital of our Company**

- (a) As at the date of incorporation of our Company, the authorised share capital of our Company was HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. One Share was allotted to Mapcal Limited, fully paid at par, and was transferred to Man Shing Global on the same day.
- (b) Pursuant to the Reorganisation, on 30 March 2016, Mr. C.S. Wong, Mr. M.S. Wong, our Company, Man Shing Global Group (BVI), Man Shing Global Group and Man Shing Cleaning Service (BVI) entered into a share-swap agreement, whereby Man Shing Cleaning Service (BVI) acquired the entire issued share capital of Man Shing Cleaning Service from Mr. C.S. Wong and Mr. M.S. Wong, which was satisfied by the allotment and issue of Shares in our Company, being the ultimate holding company of Man Shing Cleaning Service (BVI) through Man Shing Global Group and Man Shing Global Group (BVI), to companies wholly owned by Mr. C.S. Wong and Mr. M.S. Wong. Accordingly, 12 Shares in our Company were issued and allotted to Man Shing Global and 13 Shares to Lik Hang Investment, all credited as fully paid.
- (c) Pursuant to the Reorganisation, on 30 March 2016, Mr. C.S. Wong, Mr. M.S. Wong, our Company, Man Shing Global Group (BVI), Man Shing Global Group and Man Shing Environmental (BVI) entered into a share-swap agreement, whereby Man Shing Environmental (BVI) acquired the entire issued share capital of Man Shing Environmental from Mr. C.S. Wong and Mr. M.S. Wong, which was satisfied by the allotment and issue of Shares in our Company, being the ultimate holding company

of Man Shing Environmental (BVI) through Man Shing Global Group and Man Shing Global Group (BVI), to companies wholly owned by Mr. C.S. Wong and Mr. M.S. Wong. Accordingly, 13 Shares in our Company were issued and allotted to Man Shing Global and 13 Shares to Lik Hang Investment, all credited as fully paid.

- (d) Pursuant to the Reorganisation, on 30 March 2016, Mr. C.S. Wong, Mr. M.S. Wong, Mr. C.H. Wong, our Company, Man Shing Global Group (BVI), Man Shing Global Group and Jasen Services (BVI) entered into a share-swap agreement, whereby Jasen Services (BVI) acquired the entire issued share capital of Jasen Services from Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong, which was satisfied by the allotment and issue of Shares in our Company, being the ultimate holding company of Jasen Services (BVI) through Man Shing Global Group and Man Shing Global Group (BVI), to companies wholly owned by Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong. Accordingly, 13 Shares in our Company were issued and allotted to Man Shing Global, 13 Shares to Lik Hang Investment and 4 Shares to Chun Shing Investment, all credited as fully paid.
- (e) On 16 July 2016, Pro-Integration entered into a share subscription agreement with our Company pursuant to which it subscribed for a total of 18 new Shares in our Company for a total consideration of HK\$9.6 million. Accordingly, our Company issued and allotted 18 Shares to Pro-Integration on 9 August 2016.
- (f) On 26 January 2017, the Directors passed the written resolutions to capitalise and apply a sum of HK\$379,999 standing to the credit of the Company's share premium account to issue and allot an aggregate of 37,999,900 Bonus Shares as to 14,819,961 Shares to Man Shing Global, 14,819,961 Shares to Lik Hang Investment, 1,519,996 Shares to Chun Shing Investment and 6,839,982 Shares to Pro-Integration.
- (g) On 20 March 2017, the authorised share capital of our Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of additional 9,962,000,000 Shares of HK\$0.01 each, each ranking pari passu with our Share(s) then in issue in all respects.
- (h) Immediately following completion of the Share Offer and the Capitalisation Issue, and taking no account of any Share which may be issued pursuant to the exercise of the Offer Size Adjustment Option or of any options which may be granted under the Share Option Scheme, 600,000,000 Shares will be issued fully paid or credited as fully paid, and 9,400,000,000 Shares will remain unissued.
- (i) Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed "Written resolutions of our Shareholders passed on 20 March 2017" in this appendix and pursuant to the Share Option Scheme, our Company does not have any present intention to issue any of the authorised but unissued share capital of our Company and, without prior approval of our Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

**3. Written resolutions of our Shareholders passed on 20 March 2017**

By written resolutions of our Shareholders passed on 20 March 2017:

- (a) our Company approved and adopted the Memorandum and the Articles conditional upon and with effect from the Listing;
- (b) conditional on (i) the Listing Division granting the listing of, and permission to deal in, our Shares in issue and Shares to be issued as mentioned in this prospectus; (ii) the Offer Price having been determined; (iii) the execution and delivery of the Underwriting Agreements on or before the date as mentioned in this prospectus; and (iv) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the date falling 30 days after the date of this prospectus:
  - (i) the Share Offer and the granting of the Offer Size Adjustment Option were approved and our Directors were authorised to allot and issue the Shares pursuant to the Share Offer and such number of Shares as may be required to be allotted and issued upon the exercise of the Offer Size Adjustment Option to rank pari passu with the Shares then in issue in all respects; and
  - (ii) conditional on the share premium account of our Company being credited as a result of the Share Offer, the Capitalisation Issue was approved, and our Directors were authorised to capitalise an amount of HK\$4,120,000 standing to the credit of the share premium account of our Company and to apply such amount to pay up in full at par 412,000,000 Shares for allotment and issue to the holders of Shares whose names appear on the register of members of our Company at the close of business on the Business Day immediately preceding the Listing Date (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their then existing shareholdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the then existing issued Shares, and our Directors were authorised to give effect to such capitalisation and distributions; and
  - (iii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” in this appendix, were approved and adopted and our Directors were authorised, at their absolute discretion, subject to the terms and conditions of the Share Option Scheme to grant options to subscribe for Shares thereunder and to allot, issue and deal with our Shares pursuant to the exercise of subscription rights attaching to any options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;

- (c) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or part of any dividend in accordance with the Articles or pursuant to a specific authority granted by our Shareholders in general meetings, or an issue of Shares pursuant to the exercise of any options which may be granted under the Share Option Scheme or under the Capitalisation Issue or the Share Offer or upon the exercise of the Offer Size Adjustment Option, Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such securities convertible into Shares, and to make or grant offers, agreements or options which might require the exercise of such power, with an aggregate nominal value not exceeding the sum of (aa) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or of any options which may be granted under the Share Option Scheme, and (bb) the aggregate nominal amount of the share capital of our Company which may be purchased by our Company pursuant to the authority granted to the Directors as referred to in sub-paragraph (d) below; and such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company; or
  - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws to be held; or
  - (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting;
- (d) a general unconditional mandate (the “Repurchase Mandate”) was given to our Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or of any options which may be granted under the Share Option Scheme, and such mandate to remain in effect until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company; or
  - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or the Companies Law or any other applicable laws to be held; or

- (iii) the time when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting; and
- (e) the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (d) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option or of any options which may be granted under the Share Option Scheme.

#### **4. Reorganisation**

The companies comprising our Group underwent the Reorganisation to rationalise our Group's structure in preparation for the Listing of our Shares on GEM, pursuant to which our Company became the holding company of our Group. The key steps of the Reorganisation are set out in the section headed "History, Reorganisation and Corporate Structure – Group Reorganisation" in this prospectus.

#### **5. Changes in share capital of subsidiaries**

The subsidiaries of our Company are listed in the Accountants' Report, the text of which is set out in Appendix I to this prospectus. Save as disclosed in the section headed "History, Reorganisation and Corporate Structure" in this prospectus, no change in the share capital of the subsidiaries of our Company took place within the two years immediately preceding the date of this prospectus.

#### **6. Repurchase of our Shares by our Company**

This section includes information required by the Stock Exchange to be included in the prospectus concerning the repurchase of our Shares by our Company.

##### ***(a) Provisions of the GEM Listing Rules***

The GEM Listing Rules permit companies listed on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

##### ***(i) Shareholders' approval***

The GEM Listing Rules provide that all proposed repurchases of shares (which must be fully paid in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a specific transaction.

*Note:* Pursuant to the written resolutions of our Shareholders passed on 20 March 2017, the Repurchase Mandate was given to our Directors authorising our Directors to exercise all powers of our Company to purchase on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares representing up to 10% of the aggregate of the nominal value of the share capital in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding any Share which may fall to be allotted and issued pursuant to the exercise of the Offer Size Adjustment Option or of any options which may be granted under the Share Option Scheme, and the Repurchase Mandate shall remain in effect until the earliest of the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by the Memorandum and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held, or the time when the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting.

*(ii) Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Any repurchases by our Company may be made out of profits or from sums standing to the credit of the share premium account of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account or, if authorised by the Articles and subject to the Companies Law, out of capital.

*(iii) Connected parties*

The GEM Listing Rules prohibit our Company from knowingly repurchasing our Shares on the Stock Exchange from a "connected person", which includes a director, chief executive or substantial shareholder of our Company or any of its subsidiaries or a close associate of any of them and a connected person shall not knowingly sell Shares to our Company.

***(b) Reasons for repurchases***

Our Directors believe that it is in the best interests of our Company and our Shareholders for our Directors to have a general mandate from our Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

*(c) Exercise of the Repurchase Mandate*

Exercise in full of the Repurchase Mandate, on the basis of 600,000,000 Shares in issue after completion of the Share Offer and the Capitalisation Issue, could accordingly result in up to 60,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

*(d) Funding of repurchase*

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the GEM Listing Rules and the applicable laws of the Cayman Islands. Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

*(e) General*

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their close associates, has any present intention if the Repurchase Mandate is exercised to sell any Shares to our Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules, the Articles and the applicable laws of the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of our Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

No connected person of our Company has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

**B. FURTHER INFORMATION ABOUT OUR BUSINESS****1. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) a share-swap agreement dated 30 March 2016 between our Company, Mr. M.S. Wong, Mr. C.S. Wong, Man Shing Cleaning Service (BVI), Man Shing Global Group and Man Shing Global Group (BVI), pursuant to which Mr. C.S. Wong and Mr. M.S. Wong transferred the entire issued share capital of Man Shing Cleaning Service to Man Shing Cleaning Service (BVI) in consideration of the allotment and issue of a number of Shares in our Company to each of Mr. C.S. Wong and Mr. M.S. Wong and/or their designated company(ies) so that each of them will hold a shareholding in our Company which represents 13% of the total share capital of our Company;
- (b) a share-swap agreement dated 30 March 2016 between our Company, Mr. M.S. Wong, Mr. C.S. Wong, Man Shing Environmental (BVI), Man Shing Global Group and Man Shing Global Group (BVI), pursuant to which Mr. C.S. Wong and Mr. M.S. Wong transferred the entire issued share capital of Man Shing Environmental to Man Shing Environmental (BVI) in consideration of the allotment and issue of a number of Shares in our Company to each of Mr. C.S. Wong and Mr. M.S. Wong and/or their designated company(ies) so that each of them will hold a shareholding in our Company which represents 13% of the total share capital of our Company;
- (c) a share-swap agreement dated 30 March 2016 between our Company, Mr. M.S. Wong, Mr. C.S. Wong, Mr. C.H. Wong, Jasen Services (BVI), Man Shing Global Group and Man Shing Global Group (BVI), pursuant to which Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong transferred the entire issued share capital of Jasen Services to Jasen Services (BVI) in consideration of the allotment and issue of a number of Shares in our Company to each of Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong and/or their designated company(ies) so that Mr. C.S. Wong and Mr. M.S. Wong and/or their designated company(ies) will hold a shareholding in our Company representing 13% of the total issued share capital of our Company; and Mr. C.H. Wong and/or his designated company(ies) will hold a shareholding in our Company representing 4% of the total issued share capital of our Company;
- (d) a share subscription agreement dated 16 July 2016 between our Company, Mr. Chan and Pro-Integration pursuant to which our Company shall allot and issue 18 Shares in our Company to Pro-Integration at an aggregate consideration of HK\$9.6 million;




- (e) a deed of non-competition undertakings dated 27 March 2017 executed by each of our Controlling Shareholders and our Company, details of which are set out in the section headed “Relationship with Controlling Shareholders – Non-competition undertakings” in this prospectus;
- (f) a deed of indemnity dated 27 March 2017 executed by each of our Controlling Shareholders and our Company, containing the indemnities referred to in the paragraph headed “E. Other Information – 1. Tax and other indemnities” in this appendix (“Deed of Indemnity”); and
- (g) the Public Offer Underwriting Agreement.

## 2. Intellectual property right

### (a) Trademark

As at the Latest Practicable date, our Group has registered the following trademark(s):

Trademark	Class	Trademark Number	Date of registration	Date of expiry	Place of Registration	Owner
	37	303734686	6 April 2016	5 April 2026	Hong Kong	Man Shing Cleaning Service

### (b) Domain names

As at the Latest Practicable Date, our Group has registered the following domain names:

Registrant	Domain Name	Registration Date	Expiry Date
Man Shing Cleaning Service	www.manshing.com.hk	3 May 2016	3 May 2017

The website and its contents do not form part of this prospectus.

**C. FURTHER INFORMATION ABOUT SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND EXPERTS**

**1. Disclosure of interests**

- (a) Immediately following completion of the Share Offer and the Capitalisation Issue but taking no account of any Shares which may be issued pursuant to the exercise of the Offer Size Adjustment Option and/or any options which may be granted under the Share Option Scheme, the interests and short positions of our Directors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any of the associated corporations (within the meaning of Part XV of the SFO) which, once our Shares are listed on the Stock Exchange, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the required standard of dealings in the GEM Listing Rules, to be notified to our Company and the Stock Exchange, in each case once our Shares are listed on the Stock Exchange, will be as follows:

*(i) Long position in our Shares*

Name of Directors	Capacity/Nature	Number and class of Shares <sup>(Note 6)</sup>	Percentage of interest
Mr. M.S. Wong <sup>(Note 1, 2)</sup>	Interest in a controlled corporation; Interest in persons acting in concert	369,000,000 (L)	61.5%
Mr. C.S. Wong <sup>(Note 1, 3)</sup>	Interest in a controlled corporation; Interest in persons acting in concert	369,000,000 (L)	61.5%
Mr. C.H. Wong <sup>(Note 1, 4)</sup>	Interest in a controlled corporation; Interest in persons acting in concert	369,000,000 (L)	61.5%
Mr. Chan Shing Yi Jacky <sup>(Note 5)</sup>	Interest in a controlled corporation	81,000,000 (L)	13.5%

*Notes:*

1. On 30 March 2016, a deed of acting in concert was entered into between Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong in which it was confirmed that in respect of Man Shing Cleaning Service, Man Shing Environmental and Jasen Services (collectively, the “Relevant Companies”) during the Track Record Period and thereafter from the date of the deed, the Parties have been acting in concert (as defined under the Takeovers Code) to jointly reach a consensus in relation to all matters in respect of the management and business operations of each of the Relevant Companies including but not limited to voting unanimously in respect of matters that require shareholders’ or directors’ approval and the execution of documents for the purpose of furthering and expanding the business operations of the Relevant Companies. By virtue of the SFO, Mr. C.S. Wong, Mr. M.S. Wong and Mr. C.H. Wong are deemed to be interested in our Shares which are held by each other.
2. 369,000,000 Shares in our Company in which Mr. M.S. Wong is interested consist of (i) 175,500,000 Shares held by Lik Hang Investment (representing approximately 29.25% of our issued Shares immediately after completion of the Share Offer and the Capitalisation Issue), a company wholly owned by Mr. M.S. Wong, and which Mr. M.S. Wong is deemed to be interested for the purpose of the SFO; and (ii) 193,500,000 Shares (representing approximately 32.25% of our issued Shares immediately after completion of the Share Offer and the Capitalisation Issue) in which Mr. M.S. Wong is deemed to be interested as a result of being a party acting in concert with Mr. C.S. Wong and Mr. C.H. Wong. Mr. M.S. Wong is the elder brother of Mr. C.S. Wong and the father of Mr. C.H. Wong.
3. 369,000,000 Shares in our Company in which Mr. C.S. Wong is interested consist of (i) 175,500,000 Shares held by Man Shing Global (representing approximately 29.25% of our issued Shares immediately after completion of the Share Offer and the Capitalisation Issue), a company wholly owned by Mr. C.S. Wong, and which Mr. C.S. Wong is deemed to be interested for the purpose of the SFO; and (ii) 193,500,000 Shares (representing approximately 32.25% of our issued Shares immediately after completion of the Share Offer and the Capitalisation Issue) in which Mr. C.S. Wong is deemed to be interested as a result of being a party acting in concert with Mr. M.S. Wong and Mr. C.H. Wong. Mr. C.S. Wong is the younger brother of Mr. M.S. Wong and the uncle of Mr. C.H. Wong.
4. 369,000,000 Shares in our Company in which Mr. C.H. Wong is interested consist of (i) 18,000,000 Shares held by Chun Shing Investment (representing approximately 3% of our issued Shares immediately after completion of the Share Offer and the Capitalisation Issue), a company wholly owned by Mr. C.H. Wong, and which he is deemed to be interested for the purpose of the SFO; and (ii) 351,000,000 Shares (representing approximately 58.5% of our issued Shares immediately after completion of the Share Offer and the Capitalisation Issue) in which Mr. C.H. Wong is deemed to be interested as a result of being a party acting in concert with Mr. M.S. Wong and Mr. C.S. Wong. Mr. C.H. Wong is the son of Mr. M.S. Wong and the nephew of Mr. C.S. Wong.
5. Mr. Chan holds 100% interest in Pro-Integration, which in turn holds 81,000,000 Shares in our Company, representing 13.5% of our issued Shares immediately after completion of the Share Offer and the Capitalisation Issue. Accordingly, Mr. Chan is deemed to be interested in all Shares in which Pro-Integration is interested for the purpose of the SFO.
6. The letter “L” denotes the person’s long position in such Shares.

- (b) So far as is known to our Directors and taking no account of any Shares which may be taken up under the Share Offer, and Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will, immediately following the completion of the Share Offer and the Capitalisation Issue, have interests or short positions in Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name of Shareholders	Capacity/Nature	Number and class of Shares <sup>(Note 1)</sup>	Percentage of interest
Man Shing Global <sup>(Note 2)</sup>	Beneficial Owner	175,500,000 (L)	29.25%
Ms. Tang Duc Ngan <sup>(Note 3)</sup>	Interest of spouse	369,000,000 (L)	61.5%
Lik Hang Investment <sup>(Note 4)</sup>	Beneficial Owner	175,500,000 (L)	29.25%
Ms. Wong Lai Man <sup>(Note 5)</sup>	Interest of spouse	369,000,000 (L)	61.5%
Chun Shing Investment <sup>(Note 6)</sup>	Beneficial Owner	18,000,000 (L)	3%
Ms. Wan Wing Ting <sup>(Note 7)</sup>	Interest of spouse	369,000,000 (L)	61.5%
Pro-Integration <sup>(Note 8)</sup>	Beneficial Owner	81,000,000 (L)	13.5%
Ms. Wong Wai Sze Sony <sup>(Note 9)</sup>	Interest of spouse	81,000,000 (L)	13.5%

*Notes:*

- The letter "L" denotes the person's long position in such Shares.
- Man Shing Global is a company wholly owned by Mr. C.S. Wong, our executive Director.
- Accordingly, Mr. C.S. Wong is deemed to be interested in all Shares in which Man Shing Global is interested for the purpose of the SFO. Ms. Tang Duc Ngan, who is the spouse of Mr. C.S. Wong, is deemed to be interested in all Shares in which Mr. C.S. Wong is interested.
- Lik Hang Investment is a company wholly owned by Mr. M.S. Wong, our executive Director.
- Accordingly, Mr. M.S. Wong is deemed to be interested in all Shares in which Lik Hang Investment is interested for the purpose of the SFO. Ms. Wong Lai Man, who is the spouse of Mr. M.S. Wong, is deemed to be interested in all Shares in which Mr. M.S. Wong is interested.
- Chun Shing Investment is a company wholly owned by Mr. C.H. Wong, our executive Director.
- Ms. Wan Wing Ting, who is the spouse of Mr. C.H. Wong, our executive Director, is deemed to be interested in all Shares in which Mr. C.H. Wong is interested.
- Pro-Integration is a company wholly owned by Mr. Chan, our executive Director.
- Accordingly, Mr. Chan is deemed to be interested in all Shares in which Pro-Integration is interested for the purpose of the SFO. Ms. Wong Wai Sze Sony, who is the spouse of Mr. Chan, is deemed to be interested in all Shares in which Mr. Chan is interested.

## 2. Particulars of service agreements

### *Executive Directors*

Each of Mr. M. S. Wong, Mr. C. S. Wong, Mr. C. H. Wong and Mr. Chan, being all the executive Directors, has entered into a service contract with the Company on 20 March 2017 for an initial term of three years commencing from the Listing Date and continuing thereafter until terminated by either party by giving not less than three months' notice in writing to the other. Each of these executive Directors is entitled to their respective director's fee. In addition, each of the executive Directors is also entitled to a discretionary bonus determined by the Board.

Pursuant to the service contracts of the executive Directors, conditional upon the Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by the Group to each of the executive Directors will be as follows:

<b>Name</b>	<b>HK\$'000</b>
Mr. M. S. Wong	1,080
Mr. C. S. Wong	1,080
Mr. C. H. Wong	540
Mr. Chan	150

### *Independent non-executive Directors*

Each of Mr. Lee Pak Chung, Mr. Au-Yeung Tin Wah and Mr. Chiu Ka Wai, the independent non-executive Directors, has entered into a letter of appointment with the Company on 20 March 2017. Each appointment letter is for a term of three years commencing from the Listing Date, provided that either the Company or the independent non-executive Directors may terminate such appointment at any time by giving at least three months' notice in writing to the other. Each of the independent non-executive Directors is entitled to annual director's fee of HK\$150,000.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the Group within one year without the payment of compensation (other than statutory compensation)).

## 3. Directors' remuneration

- (a) The aggregate amount of remuneration paid to our Directors by our Group in respect of the Track Record Period were approximately HK\$2,542,000, HK\$1,732,000 and HK\$1,197,000, respectively.
- (b) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits) payable by our Group to our Directors for the year ending 31 March 2018 will be approximately HK\$3,300,000.

**4. Fees or commission received**

Save as disclosed in the section headed “Underwriting” in this prospectus, none of our Directors or the experts named in the paragraph headed “Consents of experts” in this appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

**5. Related party transactions**

Details of the related party transactions are set out under Note 30 to the Accountants’ Report set out in Appendix I to this prospectus.

**6. Disclaimers**

Save as disclosed in this prospectus:

- (a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between our Directors and any member of our Group;
- (b) none of our Directors or the experts named in the paragraph headed “Consents of experts” in this appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of our Directors or the experts named in the paragraph headed “Consents of experts” in this appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

- (d) taking no account of Shares which may be taken up under the Share Offer, and Shares to be issued pursuant to the exercise of the Offer Size Adjustment Option or of any options which may be granted under the Share Option Scheme, none of our Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Share Offer and the Capitalisation Issue, have any interest in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (e) none of our Directors or chief executive of our Company has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of the associated corporations (within the meaning of the SFO) which, once our Shares are listed on the Stock Exchange, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he will be taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the required standard of dealings in the GEM Listing Rules, to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules; and
- (f) so far as is known to our Directors, none of our Directors, their respective close associates (as defined under the GEM Listing Rules) or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interests in the major customers or the five largest suppliers of our Group.

## D. SHARE OPTION SCHEME

### 1. Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

“Adoption Date”	20 March 2017, the date on which the Share Option Scheme is conditionally adopted by the Shareholders by way of written resolution
“Board”	the board of Directors or a duly authorised committee of the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealings in securities
“Group”	our Company and any entity in which our Company, directly or indirectly, holds any equity interest
“Scheme Period”	the period commencing on the Adoption Date and expiring at the close of business on the business day immediately preceding the tenth anniversary thereof

## 2. Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our Shareholders passed on 20 March 2017:

### *(a) Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

### *(b) Who may join and basis of eligibility*

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee, director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our Group, options to subscribe at a price calculated in accordance with paragraph (c) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, our independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

### *(c) Price of Shares*

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by our Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option. For the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the issue price of the Shares on the Stock Exchange shall be used as the closing price for any Business Day fall within the period before listing.

### *(d) Grant of options and acceptance of offers*

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.00.



(e) *Maximum number of Shares*

- (i) Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of 60,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such Shares from time to time) to the participants under the Share Option Scheme.
- (ii) The 10% limit as mentioned above may be refreshed at any time by approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of our Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to our Shareholders containing the information as required under the GEM Listing Rules in this regard.
- (iii) Our Company may seek separate approval from our Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to our Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the GEM Listing Rules.
- (iv) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of our Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

*(f) Maximum entitlement of each participant*

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates abstaining from voting. In such event, our Company must send a circular to our Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of our Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

*(g) Grant of options to certain connected persons*

- (i) Any grant of an option to a Director, chief executive or substantial shareholder of our Company (or any of their respective close associates) must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (ii) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective close associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
  - (a) representing in aggregate over 0.1% of our Shares in issue; and
  - (b) having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options is required to be approved by our Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to our Shareholders containing all information as required under the GEM Listing Rules in this regard. All core connected persons of our Company shall abstain from voting (except where any core connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective close associates is also required to be approved by our Shareholders in the aforesaid manner.

***(h) Restrictions on the times of grant of options***

- (i) Our Company may not grant any options after inside information has come to its knowledge until such inside information has been announced. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:
  - (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and
  - (b) the deadline for our Company to publish an announcement of the results for any year, or half-year under the GEM Listing Rules, or quarterly or other interim period (whether or not required under the GEM Listing Rules), and ending on the date of the results announcement.
- (ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of our Company are published:
  - (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
  - (b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

***(i) Time of exercise of option***

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

***(j) Performance targets***

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

***(k) Ranking of Shares***

Our Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with our fully paid Shares in issue on the date of allotment and accordingly will

entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that our Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

***(l) Rights are personal to grantee***

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

***(m) Rights on cessation of employment by death***

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (n) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (q), (r) and (s) occurs prior to his death or within such period of 12 months following his death, then his legal personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

***(n) Rights on cessation of employment by dismissal***

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

***(o) Rights on cessation of employment for other reasons***

In the event that the grantee is an employee, a consultant or an adviser (as the case may be) of a member of our Group at the date of grant and he subsequently ceases to be an employee, a consultant or an adviser (as the case may be) of our Group for any reason other than his death or the termination of his employment as an employee or engagement as a consultant or an adviser (as the case may be) on one or more of the grounds specified in (n) above, the option (to the extent not already lapsed or exercised) shall lapse on the

expiry of three months after the date of cessation of such employment of an employee or engagement of a consultant or an adviser (as the case may be) (which date will be in the case of an employee the last actual working day, on which the grantee was physically at work with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not, and in the case of a consultant or an adviser (as the case may be), the last actual day of providing consultancy or advisory services to the relevant member of our Group).

***(p) Effects of alterations to share capital***

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the GEM Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time, provided that any alteration shall give a grantee, as near as possible, the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

***(q) Rights on a general offer***

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all our Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

***(r) Rights on winding-up***

In the event a notice is given by our Company to our members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Group give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in

writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

*(s) Rights on compromise or arrangement*

In the event of a compromise or arrangement between our Company and our Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to our Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (“Suspension Date”), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that our Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of our Company or any of our officers.

***(t) Lapse of options***

An option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph (i) above;
- (ii) the date on which the Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (l);
- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (m), (o), (q), (r) or (s) above;
- (iv) subject to paragraph (r) above, the date of the commencement of the winding-up of our Company;
- (v) the date on which the grantee ceases to be an eligible offeree under the Share Option Scheme by reason of his resignation or dismissal, or by reason of the termination of the employment, directorship, appointment or engagement of the grantee on any one or more of the grounds specified in paragraph (n) above;
- (vi) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (vii) subject to the compromise or arrangement as referred to in paragraph (s) become effective, the date on which such compromise or arrangement becomes effective.

***(u) Cancellation of option granted but not yet exercised***

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

***(v) Period of the Share Option Scheme***

The Share Option Scheme will remain in force for a period of ten years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

*(w) Alternation to the Share Option Scheme*

- (i) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.
- (ii) Any amendment to any terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

*(x) Termination to the Share Option Scheme*

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

*(y) Conditions of the Share Option Scheme*

The Share Option Scheme is conditional upon the Listing Department granting the listing of, and permission to deal in, our Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

**3. Present status of the Share Option Scheme**

Application has been made to the Listing Division for the listing of and permission to deal in 60,000,000 Shares which fall to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.



**E. OTHER INFORMATION****1. Tax and other indemnities**

Each of our Controlling Shareholders (collectively the “Indemnifiers”) has, under the Deed of Indemnity referred to in paragraph (f) of the sub-section headed “Summary of material contracts” in this appendix, given joint and several indemnities to our Company for ourselves and as trustee for our subsidiaries in connection with, among other things:

- (a) any claims, actions, demands, proceedings, suits, judgments, losses, payments, liabilities, damages, settlement payments, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group as a result of or in connection with any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings whether criminal, civil, administrative, contractual, tortuous or otherwise, instituted by or against any member of our Group in relation to any act, non-performance, omission, events or otherwise occurred on or before the date on which the Share Offer becomes unconditional (the “Effective Date”);
- (b) any losses, liabilities, damages, costs, claims and expenses of whatever nature suffered or incurred by any member of our Group in relation to any non-compliance with the applicable laws, rules or regulations by any member of our Group on or before the Effective Date except that provisions, reserve or allowance has been made for such liabilities in the audited consolidated financial statements of our Company or any other member of our Group for the Track Record Period (if any);
- (c) all actions, claims, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature which may be made, suffered or reasonably incurred by any member of the Group in respect of or arising, directly or indirectly, from or on the basis of or in connection with any taxation or taxation claim;
- (d) all costs, expenses, losses and/or other liabilities incurred by the members of our Group in relation to those outstanding or unsettled legal and arbitration proceedings, investigations, prosecutions and/or claims which are (i) in excess of insurance coverage; (ii) not covered by insurance policy(ies) and/or (iii) not covered by insurance policy(ies) due to violation of term(s) of such insurance policy, to the extent that such costs (including legal costs, which shall be indemnified at the time incurred), expenses, losses and/or other liabilities is/are resulting from or by reference to any event or circumstances occurred on or before the Effective Date, which, for the avoidance of doubt, including any claims which may be filed after the Effective Date; and

- (e) any duty which becomes payable by the members of our Group by virtue of the Estate Duty Ordinance on or prior to the Effective Date.

Under the Deed of Indemnity, our Controlling Shareholders have also agreed and undertaken to indemnify and, at all times, keep each of the members of our Group indemnified against all actions, claims, demands, proceedings, judgements, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered by or incurred by any member of our Group as a result of directly or indirectly or in connection with any of the Material Ongoing Claims and the Material Potential Claim. For more particulars of the Material Ongoing Claims and the Material Potential Claim, see “Business – Compliance and Legal Proceedings” in this prospectus.

The Indemnifiers will, however, not be liable under the Deed of Indemnity for taxation to the extent that, among others:

- (a) provision or reserve has been made for such taxation in the combined audited accounts of our Group or the audited accounts of the relevant member of our Group for the Track Record Period; or
- (b) such taxation or liability would not have arisen but for some act or omission of, or transaction entered into by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) otherwise than in the course of normal day to day operations of that company or carried out, made or entered into pursuant to a legally binding commitment created on or before the Effective Date on which the conditions set out in the paragraph headed “Conditions of the Share Offer” in the section headed “Structure and Conditions of the Share Offer” in this prospectus are fulfilled or where applicable waived; or
- (c) any provision or reserve made for taxation in the audited accounts of any member of our Group for the Track Record Period which is finally established to be an over-provision or an excessive reserve; or
- (d) such taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the laws, rules or negotiations or the interpretation or practice thereof by the Inland Revenue Department in Hong Kong or any other relevant authority coming into force after the Effective Date or to the extent that such taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect; or

- (e) for any penalty imposed on any member of our Group under section 42 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the law of any jurisdiction outside Hong Kong by reason of any member of our Group defaulting in any obligation to give information to the Commissioner of Estate Duty under section 42(1) of the Estate Duty Ordinance or the equivalent authority thereof under the laws of any jurisdiction outside Hong Kong, provided that such obligation arises on or before the Effective Date.

The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on 11 February 2006 in Hong Kong, pursuant to which estate duty ceased to be chargeable in Hong Kong in respect of the estates of persons dying on or after that date. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for an application for a grant of representation in respect of holders of Shares whose death occur on or after 11 February 2006. Further, our Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group and that the Cayman Islands currently have no estate duty, inheritance tax or gift tax.

## **2. Litigation**

As at the date of this prospectus, save as disclosed in the section headed “Business – Compliance and Legal Proceedings” in this prospectus, neither our Company nor any of its subsidiaries are involved in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of our Group.

## **3. Expenses**

The preliminary expenses of our Company are estimated to be approximately HK\$34,911 and are payable by our Company.

## **4. Promoter**

Our Company has no promoter for the purpose of the GEM Listing Rules.

## **5. Sponsor’s fee or commissions received**

Our Company has entered into an agreement with the Sole Sponsor, pursuant to which our Company agreed to pay HK\$5,500,000 to the Sole Sponsor to act as the sole sponsor to our Company for purposes of the Share Offer.

Save as disclosed in the section headed “Underwriting” in this prospectus, no commissions, discounts, brokerages and other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries within the two years preceding the date of this prospectus.

**6. Application for listing of Shares**

The Sole Sponsor has made an application on behalf of our Company to the Listing Division for the listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned herein including any Shares falling to be issued pursuant to the exercise of the Offer Size Adjustment Option or of any options which may be granted under the Share Option Scheme.

**7. Independence of the Sole Sponsor**

Neither the Sole Sponsor nor any of its close associates have accrued any material benefit as a result of the successful outcome of the Share Offer, other than the following:

- (a) by way of sponsorship, financial advisory and documentation fee paid and to be paid to Changjiang Corporate Finance for acting as the sole sponsor of the Listing;
- (b) by way of commission to be paid to Changjiang Securities Brokerage for acting as the Sole Global Coordinator (on behalf of the Underwriters), the Joint Bookrunner and the Joint Lead Manager to the Share Offer pursuant to the Underwriting Agreements;
- (c) certain close associates of the Sole Sponsor whose usual and ordinary courses of business involve trading of and dealing in securities may derive commissions from the trading of and dealing in securities of our Company or provide margin financing in connection thereto or purchase or sell securities of our Company or hold securities of our Company for investment purposes after its Listing on GEM; and
- (d) by way of compliance advisory fee to be paid to Changjiang Corporate Finance as our Company's compliance adviser pursuant to the requirements under Rule 6A.19 of the GEM Listing Rules.

No director or employee of the Sole Sponsor who is involved in providing advice to our Company has or may have, as a result of the Listing, any interest in any class of securities of our Company or any of its subsidiaries. None of the directors and employees of the Sole Sponsor has any directorship in our Company or any other companies comprising our Group. The Sole Sponsor is therefore independent from our Group under Rule 6A.07 of the GEM Listing Rules.

**8. Qualifications of experts**

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<b>Name</b>	<b>Qualifications</b>
Changjiang Corporate Finance	A licenced corporation to engage in type 6 (advising on corporate finance) regulated activity as defined under the SFO
SHINEWING (HK) CPA Limited	Certified Public Accountants
Maples and Calder (Hong Kong) LLP	Cayman Islands attorneys-at-law
Keith Lam Lau & Chan	Solicitors of Hong Kong
Timmy Chi-Hong Yip	Barrister-at-law of Hong Kong
SHINEWING Risk Services Limited	Internal control consultant
ISO Consultant Company Limited	Independent safety consultant
Frost & Sullivan	Independent industry consultant

**9. Consents of experts**

Each of the experts named in the sub-paragraph headed “8. Qualifications of experts” in this appendix, has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its reports and/or letter and/or opinion and/or summary thereof (as the case may be) and/or reference to its name (and qualifications) included herein in the form and context in which it is respectively included.

**10. Binding Effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

**11. Taxation of holders of Shares****(a) *Hong Kong***

Dealings in Shares registered on our Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty.

**(b) *Cayman Islands***

No stamp duty is payable in the Cayman Islands on transfer of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(c) *Consultation with professional advisers***

Intending holders of our Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in our Shares. It is emphasised that none of our Company, our Directors or other parties involved in the Share Offer accepts responsibility for any tax effect on, or liabilities of holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in Shares.

**12. No material adverse change**

Our Directors confirm that there has not been any material adverse change in the financial or trading position or prospects of our Group since 30 September 2016 (being the date to which the latest audited combined financial statements of our Group were made up).

**13. Miscellaneous**

- (a) Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:
- (i) no share or loan capital of our Company or any of the subsidiaries has been issued or agreed to be issued fully or partly paid either for cash or for a consideration than cash;
  - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of our Company or any of the subsidiaries and no commission has been paid or is payable in connection with the issue or sale of any capital of our Company or any of the subsidiaries;
  - (iii) no commission has been paid or is payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares or debenture of any of our Company or our subsidiaries; and

- (iv) no share or loan capital of our Company or any of the subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.
- (b) Neither our Company nor any of the subsidiaries has issued or agreed to issue any founders shares, management shares, deferred shares or any debentures.
- (c) Save as disclosed in the section headed “Underwriting” in this prospectus, none of the parties listed in the paragraph headed “Consents of experts” in this appendix is interested legally or beneficially in any securities of our Company or any of our subsidiaries; or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of our Company or any of our subsidiaries.
- (d) The branch register of members of our Company will be maintained in Hong Kong by our Hong Kong Branch Share Registrar. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Hong Kong Branch Share Registrar and may not be lodged in the Cayman Islands. All necessary arrangements have been made to ensure our Shares to be admitted into CCASS for clearing and settlement.
- (e) There is no arrangement under which future dividends are waived or agreed to be waived.
- (f) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus.
- (g) No company within our Group is presently listed on any stock exchange or traded on any trading system.
- (h) We have no outstanding convertible debt securities.
- (i) Our Directors have been advised that, under Cayman Islands law, the use of a Chinese name by our Company in conjunction with the English name does not contravene Cayman Islands law.

#### **14. Bilingual Prospectus**

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). The English text of this prospectus shall prevail over the Chinese text.

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**APPENDIX V DOCUMENTS DELIVERED TO REGISTRAR OF COMPANIES  
IN HONG KONG AND AVAILABLE FOR INSPECTION**

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**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were

- (i) copies of the material contracts referred to in the section headed “Statutory and General Information – B. Further Information about our Business – 1. Summary of material contracts” in Appendix IV to this prospectus; and
- (ii) the written consents referred to in the section headed “Statutory and General Information – E. Other Information – 9. Consents of experts” in Appendix IV to this prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Keith Lam Lau & Chan, 5th – 7th Floors, The Chinese Club Building, 21-22 Connaught Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- 1. the Memorandum of Association and the Articles of Association;
- 2. the audited consolidated financial statements of our Group for the financial years ended 31 March 2015 and 2016 and the six months ended 30 September 2016;
- 3. the Accountants’ Report prepared by SHINEWING (HK) CPA Limited, the text of which is set out in Appendix I to this prospectus;
- 4. the report on the unaudited pro forma financial information of our Group issued by SHINEWING (HK) CPA Limited, the text of which is set out in Appendix II to this prospectus;
- 5. the letter of advice prepared by Maples and Calder (Hong Kong) LLP summarising certain aspects of the Companies Law referred to in Appendix III to this prospectus;
- 6. the Companies Law;
- 7. the rules of the Share Option Scheme referred to in the section headed “Statutory and General Information – D. Share Option Scheme” in Appendix IV to this prospectus;
- 8. the material contracts referred to in the section headed “Statutory and General Information – B. Further Information about our Business – 1. Summary of material contracts” in Appendix IV to this prospectus;
- 9. the written consents referred to in the section headed “Statutory and General Information – E. Other Information – 9. Consents of Experts” in Appendix IV to this prospectus;



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10. the service contracts and letters of appointment of our Directors referred to in the section headed “Statutory and General Information – C. Further Information about Substantial Shareholders, Directors and Experts – 3. Directors’ remuneration” in Appendix IV to this prospectus;
11. the legal opinion prepared by our Hong Kong Legal Counsel in connection with the fatal accident on 27 September 2016;
12. the legal opinion prepared by our Hong Kong Legal Counsel in connection with the potential impact of the fatal accident on 27 September 2016 on our Group’s ability to tender for government contracts;
13. the legal opinion prepared by our Hong Kong Legal Counsel in connection with a personal injury claim filed to the court on 10 March 2017;
14. the legal opinion prepared by our Hong Kong Legal Advisers in connection with a personal injury claim filed to the court on 10 March 2017;
15. the joint report prepared by our internal safety officer and the independent Safety Consultant in connection with our safety management system and staff training with respect to workplace transport safety;
16. the research report prepared by Frost & Sullivan as referred to in the section headed “Industry Overview” in this prospectus; and
17. the compliance procedures review report prepared by SHINEWING Risk in connection with the Group’s internal control systems for certain compliance procedures.



Man Shing Global Holdings Limited  
萬成環球控股有限公司

