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**MAN SHUN GROUP (HOLDINGS) LIMITED**

**萬順集團(控股)有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1746)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL HIGHLIGHTS**

- The Group recorded revenue of approximately HK\$125,087,000 for the year ended 31 December 2022 (2021: approximately HK\$121,672,000).
- Profit for the year attributable to equity shareholders of the Company for the year ended 31 December 2022 amounted to approximately HK\$238,000 (2021: loss of approximately HK\$2,225,000).
- Basic and diluted earnings per share for the year ended 31 December 2022 were HK\$0.02 cents (2021: loss per share HK\$0.22 cents).
- The board of directors does not recommend the payment of final dividend for the year ended 31 December 2022.

## ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Man Shun Group (Holdings) Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022, together with the comparative figures for the year ended 31 December 2021.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2022	2021
	NOTE	HK\$'000	HK\$'000
<b>Revenue</b>	4	<b>125,087</b>	121,672
Cost of services		<u>(106,381)</u>	<u>(100,709)</u>
<b>Gross profit</b>		<b>18,706</b>	20,963
Other income	5	<b>6,297</b>	1,997
Administrative expenses		<b>(24,691)</b>	(25,102)
Finance costs	6(a)	<u>(60)</u>	<u>(83)</u>
<b>Profit/(Loss) before taxation</b>	6	<b>252</b>	(2,225)
Income tax expense	7	<u>(14)</u>	<u>–</u>
<b>Profit/(Loss) and total comprehensive income/(expense) for the year</b>		<u><b>238</b></u>	<u>(2,225)</u>
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings/(Loss) per share</b>			
Basic and diluted	9	<u><b>0.02</b></u>	<u>(0.22)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>NOTE</i>		
<b>Non-current assets</b>			
Property, plant and equipment		<u>2,419</u>	<u>2,779</u>
<b>Current assets</b>			
Inventories		3,108	2,863
Trade and other receivables	10	68,161	60,743
Contract assets	11	22,254	15,058
Pledged bank deposits		3,848	4,226
Cash at bank and in hand		<u>64,581</u>	<u>85,826</u>
		<u>161,952</u>	<u>168,716</u>
<b>Current liabilities</b>			
Trade and other payables	12	11,191	18,578
Contract liabilities	11	728	–
Lease liabilities		<u>1,049</u>	<u>1,443</u>
		<u>12,968</u>	<u>20,021</u>
<b>Net current assets</b>		<u>148,984</u>	<u>148,695</u>
<b>Total assets less current liabilities</b>		<u>151,403</u>	<u>151,474</u>
<b>Non-current liabilities</b>			
Lease liabilities		241	564
Deferred tax liabilities		<u>14</u>	<u>–</u>
		<u>255</u>	<u>564</u>
<b>Net assets</b>		<u>151,148</u>	<u>150,910</u>
<b>Capital and reserves</b>			
Share capital		10,000	10,000
Reserves		<u>141,148</u>	<u>140,910</u>
<b>Total equity</b>		<u>151,148</u>	<u>150,910</u>

## NOTES TO THE ANNOUNCEMENT

### 1. GENERAL INFORMATION

Man Shun Group (Holdings) Limited and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the provision of installation of heat, ventilation and air-conditioning system (the “**HVAC**”) business in Hong Kong. The Company was incorporated in the Cayman Islands on 11 April 2017 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law of 1961, as consolidated and revised) of the Cayman Islands. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 11 July 2018 (the “**Listing**”).

### 2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial information set out in this announcement does not constitute the Group’s statutory financial statements for the year ended 31 December 2022, but is derived from those financial statements.

The Group’s consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The measurement basis used in the preparation of the Group’s consolidated financial statements is the historical cost basis.

The financial figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been compared by the Group’s auditor, D & PARTNERS CPA LIMITED, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by D & PARTNERS CPA LIMITED in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor.

### 3. CHANGES IN ACCOUNTING POLICIES

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

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

None of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received or receivable from the service contracts by the Group to external customers. The Group's operation is solely derived from provision of HVAC business in Hong Kong during the years ended 31 December 2022 and 2021. For the purpose of resources allocation and performance assessment, the chief operating decision maker reviews the overall results and financial position of the Group as a whole. Accordingly, the Group has only one single operating segment and no further discrete financial information nor analysis of this single segment is presented.

#### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by timing of revenue recognition and type of services are as follows:

##### *Disaggregated by timing of revenue recognition:*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Products transferred at a point in time	19,284	31,574
Services transferred over time	<u>105,803</u>	<u>90,098</u>
	<u><u>125,087</u></u>	<u><u>121,672</u></u>

##### *Disaggregated by type of services:*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Installation services only	84,640	59,959
Installation services with HVAC systems procurements	<u>40,447</u>	<u>61,713</u>
	<u><u>125,087</u></u>	<u><u>121,672</u></u>

**(b) Geographical information**

The Company is an investment holding company and the principal place of the Group's operation is in Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regards Hong Kong as its place of domicile. No geographical information is presented as the Group is principally engaged in HVAC business in Hong Kong.

**(c) Information about major customers**

The Group's customer base includes one (2021: three) customer with whom transaction has exceeded 10% of the Group's revenue. Revenue from customer during the year ended 31 December 2022 contributing over 10% of the total revenue of the Group is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	81,270	46,104
Customer B ( <i>Note</i> )	12,248	29,072
Customer C ( <i>Note</i> )	3,632	18,817
	<u>87,150</u>	<u>94,000</u>

*Note:* The transactions did not exceed 10% of the Group's revenue during the year ended 31 December 2022.

**5. OTHER INCOME**

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank interest income	654	153
Repair and other service income	2,480	1,599
Gain on disposal of property, plant and equipment	–	12
Gain on early termination of lease	2	–
Government grants — Employment Support Scheme ( <i>note</i> )	3,008	116
Government grants — Others	–	103
Net of reversal of expected credit loss on trade and other receivables and contract assets	133	–
Sundry income	20	14
	<u>6,297</u>	<u>1,997</u>

*Note:* In 2022, the Group successfully applied for funding support of HK\$3,008,000 from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees. In 2021, the Government granted HK\$116,000 subsidies to the Group.

## 6. PROFIT/(LOSS) BEFORE TAXATION

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest on lease liabilities	<u>60</u>	<u>83</u>
<b>(b) Staff costs (including directors' emoluments)</b>		
Salaries, wages and other benefits	31,180	31,440
Contributions to defined contribution retirement plan	<u>1,105</u>	<u>1,013</u>
	<u><u>32,285</u></u>	<u><u>32,453</u></u>
<b>(c) Other items</b>		
Depreciation		
— owned property, plant and equipment	300	217
— right-of-use assets	<u>1,741</u>	<u>1,632</u>
	<u>2,041</u>	1,849
Net of reversal of expected credit loss on trade and other receivables and contract assets	(133)	—
Auditor's remuneration	<u>700</u>	<u>880</u>

## 7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Deferred tax</b>		
Origination of temporary differences	<u>14</u>	<u>–</u>

Hong Kong Profit Tax is calculated at 16.5% in the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries in Hong Kong have either sustained losses for tax purpose or their unused tax losses were sufficient to cover their estimated assessable profits for the years ended 31 December 2022 and 2021.

## 8. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

## 9. EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$238,000 (2021: loss of HK\$2,225,000) and the weighted average of 1,000,000,000 ordinary shares (2021: 1,000,000,000 ordinary shares) in issue during the year.

### (b) Diluted earnings/(loss) per share

The amount of diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share for the years ended 31 December 2022 and 2021 as there were no dilutive potential ordinary shares in issue.

## 10. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables, net of loss allowance	<b>37,391</b>	36,134
Deposits, prepayment and other receivables	<b>4,413</b>	3,312
Retention receivables, net of loss allowance	<b>26,357</b>	21,297
	<b><u>68,161</u></b>	<b><u>60,743</u></b>

As at 31 December 2022, the amounts of retention receivables expected to be recovered after more than one year is approximately HK\$23,164,000 (2021: HK\$18,699,000). All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

### Ageing analysis

At the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the date of payment certificate and net of loss allowance, is as follows:

	As at 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	<b>35,644</b>	34,224
1 to 3 months	<b>1,078</b>	813
Over 3 months	<b>669</b>	1,097
	<b><u>37,391</u></b>	<b><u>36,134</u></b>

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

## 11. CONTRACT ASSETS AND LIABILITIES

### (a) Contract assets

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Arising from performance under installation contracts, net of loss allowance	<u>22,254</u>	<u>15,058</u>
Receivables from contracts with customers within the scope of HKFRS 15, which are included in “Trade and other receivables”	<u>63,748</u>	<u>57,431</u>

### (b) Contract liabilities

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Installation contracts — Billings in advance of performance	<u>728</u>	<u>—</u>

## 12. TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Trade payables	3,782	10,202
Accrued subcontracting costs	2,704	1,069
Other payables and accruals	<u>4,705</u>	<u>7,307</u>
	<u>11,191</u>	<u>18,578</u>

All of the trade and other payables are expected to be settled within one year. The following is an ageing analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 December	
	2022	2021
	HK\$'000	HK\$'000
Within 1 month	1,986	9,482
1 to 2 months	1,545	490
2 to 3 months	251	196
Over 3 months	<u>—</u>	<u>34</u>
	<u>3,782</u>	<u>10,202</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

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

In order to strengthen the market position as a prime HVAC E&M engineering services provider and become the preferred choice of first-tier HVAC E&M engineering subcontractor for property developers in Hong Kong, the Group continues to strengthen the financial management and licensing qualifications, securing the positioning in the property development value chain and pursuing new business opportunities directly with property developers and/or their designated main contractors.

### FINANCIAL REVIEW

#### Revenue

By timing of revenue recognition:

	Year ended 31 December			
	2022		2021	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Services transferred over time	<b>105,803</b>	<b>85</b>	90,098	74
Products transferred at a point in time	<b>19,284</b>	<b>15</b>	31,574	26
	<b>125,087</b>	<b>100</b>	121,672	100

By type of services:

	Year ended 31 December			
	2022		2021	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Installation services only	<b>84,640</b>	<b>68</b>	59,959	49
Installation services with HVAC systems procurements	<b>40,447</b>	<b>32</b>	61,713	51
	<b>125,087</b>	<b>100</b>	121,672	100

During the year ended 31 December 2022, the Group's revenue increased by approximately HK\$3,415,000 or 2.8% to approximately HK\$125,087,000. The revenue recorded during the year is following the respective projects execution progress.

#### Cost of services

	Year ended 31 December			
	2022		2021	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Subcontracting fees	<b>41,143</b>	<b>39</b>	36,490	36
Materials and consumables	<b>45,340</b>	<b>43</b>	43,963	44
Direct labour	<b>17,282</b>	<b>16</b>	17,186	17
Others	<b>2,616</b>	<b>2</b>	3,070	3
Total	<b>106,381</b>	<b>100</b>	100,709	100

The Group's cost of services mainly represented the cost of HVAC systems and other ancillary consumables such as pipes and fittings and subcontracting charges for completing on-site works. The cost of services increased by approximately HK\$5,672,000 or 5.6% to approximately HK\$106,381,000 for the year ended 31 December 2022, as compared to approximately HK\$100,709,000 for the year ended 31 December 2021. The increase was mainly due to the increase in revenue and the increase in materials and consumables because the raw materials prices were close to high levels in the first quarter of the year.

## **Gross profit and gross profit margin**

The Group's gross profit decreased by approximately HK\$2,257,000 or 10.8% from approximately HK\$20,963,000 for the year ended 31 December 2021 to approximately HK\$18,706,000 for the year ended 31 December 2022. The Group's gross profit margin decreased from approximately 17.2% for the year ended 31 December 2021 to approximately 15.0% for the year ended 31 December 2022. The decrease in the gross profit margin was mainly due to the increase in the cost of purchasing materials and lower profit margin for projects with HVAC system procurements.

## **Other income**

The other income mainly consisted of government grants, bank interest income and other services income, which principally included repairing services recognised for the year ended 31 December 2022.

## **Administrative expenses**

Administrative expenses mainly comprised staff costs, meals and entertainment expenses, depreciation expenses, transportation expenses and others. Administrative expenses decreased from approximately HK\$25,102,000 for the year ended 31 December 2021 to approximately HK\$24,691,000 for the year ended 31 December 2022. The decrease in administrative expenses of the Group was mainly due to the decrease in legal and professional fee.

## **Finance costs**

Finance costs of approximately HK\$60,000 for the year ended 31 December 2022 represented interest expenses on lease liabilities.

## **Income tax expense**

For the year ended 31 December 2022, no provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries in Hong Kong have either sustained losses for tax purpose or their unused tax losses were sufficient to cover their estimated assessable profits for the years ended 31 December 2022 and 2021.

## **Total comprehensive income attributable to equity shareholders of the Company**

For the year ended 31 December 2022, the Group's profit and total comprehensive income attributable to equity shareholders of the Company was approximately HK\$238,000 (2021: loss and total comprehensive expense of approximately HK\$2,225,000). The increase in financial results was mainly due to the increase in the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of the Hong Kong Special Administrative Region.

## **Dividend**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

## **Trade and other receivables**

Trade receivables increased by approximately HK\$1,257,000 from approximately HK\$36,134,000 as at 31 December 2021 to approximately HK\$37,391,000 as at 31 December 2022. The increase in trade receivables was in line with the increase in revenue.

Retention receivables increased by approximately HK\$5,060,000 from approximately HK\$21,297,000 as at 31 December 2021 to approximately HK\$26,357,000 as at 31 December 2022. The increase in retention receivables was in line with the progress of the projects.

Deposits, prepayment and other receivables increased by approximately HK\$1,101,000 from approximately HK\$3,312,000 as at 31 December 2021 to approximately HK\$4,413,000 as at 31 December 2022. The increase in the balance was mainly due to the increase in warehouse storage fee paid on behalf of the contractor.

## **Trade and other payables**

Trade payables decreased by approximately HK\$6,420,000 from approximately HK\$10,202,000 as at 31 December 2021 to approximately HK\$3,782,000 as at 31 December 2022. The decrease was mainly due to the Group made payment to the subcontractors and vendors near the end of 31 December 2022 and large purchase of HVAC systems for projects installation near the end of 31 December 2021.

## **FUTURE PROSPECTS**

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

Competition is expected to remain keen, with profit margin tightening due to rising labour cost, rising operating cost and strong competition in the market. Nevertheless, as construction activity remains resilient, our management's strong capabilities and track record are expected to enable us to be competitive in these potential tenders. In addition, we are constantly evaluating our team and fleet to ensure that we are optimizing our competitiveness.

Despite the adverse commercial environment and the overall uncertainties in the recent times, the Group will constantly show perseverance in its development and its ability to obtain new projects. As a result of the endure hard work by the management, a new project of contract sum of approximately HK\$59 million was awarded to the Group during the year ended 31 December 2022. In addition, the Group will continue to enhance its budget management, upgrade its ability in plan execution and budget control in order to further improve its management standard and secure stable and sustainable development of the Group.

The outbreak of the new coronavirus disease in the first quarter of 2022 has continually had profound effects in Hong Kong and on all kind of business and industries. The Group has several major projects under construction in the second half of 2022. The coronavirus disease situation is stabilized or subsided in early 2023 and the Hong Kong Special Administrative Region government scrapped the mask mandate in March 2023. The economy will resume to be normal under these measures steadily. The construction works will be carried out smoothly and the Group will continue to develop and actively explore potential development opportunities and at the same time control costs and expenses cautiously.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group had net current assets of approximately HK\$148,984,000 as at 31 December 2022 (2021: approximately HK\$148,695,000). The quick ratio of the Group was approximately 12.2 times as at 31 December 2022 (2021: approximately 8.3 times). The Group generally financed its daily operations by its internal resources. The remaining unused net proceeds as at 31 December 2022 were placed as interest-bearing deposits with licensed banks in Hong Kong.

## **CAPITAL STRUCTURE**

There is no change in the Company's share capital during the year.

## **FINANCIAL POLICIES**

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

## **GEARING RATIO AND DEBT TO EQUITY RATIO**

The Group's gearing ratio, which is calculated based on the total debt divided by total equity (defined as lease liabilities as at the respective year divided by the total equity as at the respective corresponding year) was approximately 0.9% as at 31 December 2022 (2021: 1.3%).

The Group's debt to equity ratio, which is calculated based on the total debt (defined as the lease liabilities minus cash and cash equivalents as at the respective year end divided by total equity as at the respective corresponding year) was not applicable due to the Group recorded net cash position as at 31 December 2022.

## **CAPITAL EXPENDITURE**

During the year ended 31 December 2022, the Group invested approximately HK\$1,723,000 (2021: approximately HK\$786,000) in property, plant and equipment, mainly represented motor vehicles, computer and office equipment and other properties leased for own use.

## **CAPITAL COMMITMENTS**

As at 31 December 2022, the Group had no significant capital commitments (2021: Nil).

## CONTINGENT LIABILITIES

As at 31 December 2022, contingent liabilities not provided for in the consolidated financial statements were as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Performance bonds given to customers for due and proper performance of projects undertaken by the Group's subsidiaries	3,848	4,226
Court proceedings ( <i>Note</i> )	<u>872</u>	<u>–</u>
	<u><u>4,720</u></u>	<u><u>4,226</u></u>

*Note:*

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

## CHARGES ON THE GROUP'S ASSETS

At 31 December 2021, a motor vehicle of the Group with net book value amounting to HK\$831,000 was secured by a motor vehicle. No property, plant and equipment has been pledged as at 31 December 2022.

## SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2022, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries and affiliated companies (2021: Nil).

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

## **FOREIGN EXCHANGE RISK MANAGEMENT**

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

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

## **INFORMATION ON EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2022, the Group had 71 employees (2021: 67 employees) with total staff costs (including Directors' emoluments) of approximately HK\$32,285,000 incurred for the year ended 31 December 2022 (2021: approximately HK\$32,453,000). The Group's remuneration packages are generally structured with reference to market terms and individual merits. The remuneration committee of the Company makes recommendations to the Board on the overall remuneration policy and structure for the Directors and senior management.

## **DEED OF NON-COMPETITION**

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

## **COMPETING INTEREST**

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

## USE OF PROCEEDS

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

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

	<b>Net proceeds</b> <i>HK\$'000</i>	<b>Utilised</b> <i>HK\$'000</i>	<b>Unutilised</b> <i>HK\$'000</i>	<b>Expected timeline</b>
Procurement of HVAC systems	87,654	87,654	–	
Taking out surety bonds	4,608	4,226	382	End of 2023
General working capital	10,138	10,138	–	
	<u>102,400</u>	<u>102,018</u>	<u>382</u>	

## SHARE OPTION SCHEME

Pursuant to a resolution passed by all the shareholders on 8 June 2018, the Company has conditionally adopted the share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives or rewards to the eligible participants for their contribution to the Group and enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The Board is entitled at any time and from time to time grant options pursuant to the Share Option Scheme to the directors of the Company’s subsidiaries and employees of the Group and any other persons (including consultants or advisers) whom the Board considers have contributed or will contribute to the Group. The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

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

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

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

During the year ended 31 December 2022, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES**

The Company is committed to fulfilling its responsibilities to its shareholders (the “**Shareholders**”) of the Company and protecting and enhancing the Shareholders' value through good corporate governance. The Company has adopted and applied the principals of the code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Directors recognise the importance of incorporating elements of good corporate governance in the management structures, internal control and risk management procedures of the Group so as to achieve effective accountability.

The Company has complied with the code provisions and, where appropriate, the applicable recommended best practices set out in the CG Code throughout the year ended 31 December 2022.

## **CLOSURE OF REGISTER OF MEMBERS**

The annual general meeting (the “**AGM**”) is scheduled on Thursday, 8 June 2023. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 5 June 2023 to Thursday, 8 June 2023 (both days inclusive), during which period no transfer of Shares will be effected. In order to qualify for attending and voting at the AGM, unregistered holders of the Shares should ensure that all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 2 June 2023.

## **EVENT AFTER THE REPORTING PERIOD**

The Directors are not aware of any significant event which had material effect on the Group subsequent to 31 December 2022 and up to the date of this announcement.

## **MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiry by the Company that they complied with the required standard as set out in the Model Code throughout the year ended 31 December 2022.

## **AUDIT COMMITTEE**

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

The Audit Committee has discussed with the management of the Group and reviewed this annual financial results announcement and the consolidated financial statements for the year ended 31 December 2022, including the accounting policies and standards adopted by the Group, and discussed financial related matters.

The Audit Committee comprises three independent non-executive Directors and chaired by Mr. Lau Yu Ching, who has appropriate professional qualifications and experience as required by the Listing Rules.

**PUBLICATION OF ANNUAL RESULTS AND 2022 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

A copy of this announcement will be available from the Company's website at [www.manshingroup.com.hk](http://www.manshingroup.com.hk) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). The annual report for the year ended 31 December 2022 containing all the information required by Appendix 16 to the Listing Rules will be despatched to the shareholders of the Company and will be published on the aforesaid websites of the Company and the Stock Exchange in due course in accordance with the Listing Rules.

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

Hong Kong, 30 March 2023

*As at the date of this announcement, the executive Directors are Mr. Cheung Yuen Tung and Mr. Cheung Yuen Chau; and the independent non-executive Directors are Mr. Pang Kam Fai, Dickson, Mr. Law Chung Lam, Nelson and Mr. Lau Yu Ching.*