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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 2024**

**FINANCIAL HIGHLIGHTS**

- The Group recorded revenue of approximately HK\$131,256,000 for the year ended 31 December 2024 (2023: approximately HK\$152,950,000).
- Loss for the year attributable to equity shareholders of the Company for the year ended 31 December 2024 amounted to approximately HK\$6,861,000 (2023: profit of approximately HK\$680,000).
- Basic and diluted loss per share for the year ended 31 December 2024 were HK0.69 cents (2023: earnings per share HK0.07 cents).
- The board of directors does not recommend the payment of final dividend for the year ended 31 December 2024.

## ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024, together with the comparative figures for the year ended 31 December 2023.

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

	<i>Note</i>	<b>2024</b> <i>HK\$’000</i>	2023 <i>HK\$’000</i>
<b>Revenue</b>	4	<b>131,256</b>	152,950
Cost of services		<u>(117,874)</u>	<u>(133,743)</u>
<b>Gross profit</b>		<b>13,382</b>	19,207
Other income	5	<b>8,061</b>	10,026
Administrative expenses		<b>(28,286)</b>	(28,465)
Finance costs	6(a)	<u>(88)</u>	<u>(65)</u>
<b>(Loss)/profit before taxation</b>	6	<b>(6,931)</b>	703
Income tax credit/(expense)	7	<u>70</u>	<u>(23)</u>
<b>(Loss)/profit and total comprehensive (expense)/income for the year</b>		<u><b>(6,861)</b></u>	<u>680</u>
<b>(Loss)/earnings per share (HK cents)</b>	9		
— Basic		<u><b>(0.69)</b></u>	<u>0.07</u>
— Diluted		<u><b>(0.69)</b></u>	<u>0.07</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Note</i>	<b>2024</b> <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		1,661	2,116
<b>Current assets</b>			
Inventories		796	2,225
Trade and other receivables	<i>10</i>	50,828	51,263
Contract assets	<i>11(a)</i>	17,990	28,739
Tax recoverable		203	–
Cash at bank and in hand		65,023	88,370
		134,840	170,597
<b>Current liabilities</b>			
Trade and other payables	<i>12</i>	14,274	19,157
Contract liabilities	<i>11(b)</i>	379	178
Lease liabilities		728	1,029
		15,381	20,364
<b>Net current assets</b>		119,459	150,233
<b>Total assets less current liabilities</b>		121,120	152,349
<b>Non-current liabilities</b>			
Lease liabilities		126	484
Deferred tax liabilities		27	37
		153	521
<b>Net assets</b>		120,967	151,828
<b>Capital and reserves</b>			
Share capital		10,000	10,000
Reserves		110,967	141,828
<b>Total equity</b>		120,967	151,828

## 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 2024, 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 2024 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 Group has applied the following amendments to HKFRSs issued by the HKICPA to these consolidated financial statements for the current accounting period:

- Amendments to HKFRS 16, *Lease Liability in a Sale and Leaseback*
- Amendments to HKAS 1, *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*
- Amendments to HKAS 1, *Non-current Liabilities with Covenants*
- Amendments to HKAS 7 and HKFRS 7, *Supplier Finance Arrangements*

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

#### **Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”)**

The Group has applied the amendments for the first time in the current year. The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

#### 4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received or receivable from the service contracts by the Group to external customers. The Group's operation is solely derived from provision of HVAC business in Hong Kong during the years ended 31 December 2024 and 2023. 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 service are as follows:

*Revenue from contracts with customers within the scope of HKFRS 15*

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Disaggregated by timing of revenue recognition</b>		
Products transferred at a point in time	41,924	31,077
Services transferred over time	89,332	121,873
	<u>131,256</u>	<u>152,950</u>
<b>Disaggregated by type of service</b>		
Installation services only	16,796	70,568
Installation services with HVAC systems procurements	114,460	82,382
	<u>131,256</u>	<u>152,950</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 four (2023: three) customers with whom transactions have exceeded 10% of the Group's revenue. Revenue from customers during the year ended 31 December 2024 contributing over 10% of the total revenue of the Group is as follows:

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Customer A	<b>46,323</b>	35,104
Customer B	<b>41,296</b>	30,295
Customer C ( <i>Note</i> )	<b>26,516</b>	14,420
Customer D	<b>14,381</b>	69,552

*Note:*

The transactions did not exceed 10% of the Group's revenue during the year ended 31 December 2023.

**5. OTHER INCOME**

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Bank interest income	<b>2,444</b>	2,819
Repair and other service income	<b>5,071</b>	6,721
Gain on early termination of lease	<b>3</b>	2
Gain on disposal of property, plant and equipment	<b>174</b>	–
Government grants ( <i>Note</i> )	–	27
Over-provision of long service payment	<b>133</b>	257
Sundry income	<b>236</b>	200

*Note:*

There was no government grant during the year (2023: HK\$27,000) under Construction Innovation and Technology Fund from Construction Industry Council.

## 6. (LOSS)/PROFIT BEFORE TAXATION

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest on lease liabilities	<u>88</u>	<u>65</u>
<b>(b) Staff costs (including directors' emoluments)</b>		
Salaries, wages and other benefits	25,254	31,157
Contributions to defined contribution retirement plan	<u>844</u>	<u>1,000</u>
	<u>26,098</u>	<u>32,157</u>
<b>(c) Other items</b>		
Depreciation		
— owned property, plant and equipment	369	680
— right-of-use assets, including in cost of services	544	547
— right-of-use assets, including in administrative expenses	<u>857</u>	<u>894</u>
	<u>1,770</u>	<u>2,121</u>
Net impairment of expected credit loss on trade and other receivables and contract assets	2,812	1,763
Written off on contract assets	842	–
Over-provision of long service payment	(133)	(257)
(Gain)/loss on disposal of property, plant and equipment	(174)	7
Auditors' remuneration	<u>680</u>	<u>730</u>

## 7. INCOME TAX (CREDIT)/EXPENSE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Current tax — Hong Kong Profits Tax</b>		
Over-provision in respect of prior years	(60)	—
<b>Deferred tax</b>		
Origination of temporary differences	<u>(10)</u>	<u>23</u>
	<u>(70)</u>	<u>23</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 2024 and 2023.

## 8. DIVIDEND

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Special dividend — HK2.40 cents per ordinary share	<u>24,000</u>	<u>—</u>

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

## 9. (LOSS)/EARNINGS PER SHARE

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

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of HK\$6,861,000 (2023: profit of HK\$680,000) and the weighted average of 1,000,000,000 ordinary shares (2023: 1,000,000,000 ordinary shares) in issue during the year.

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

The amount of diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share for the years ended 31 December 2024 and 2023 as there were no dilutive potential ordinary shares in issue.

## 10. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Trade receivables, net of loss allowance	27,226	21,724
Deposits, prepayment and other receivables, net of loss allowance	1,791	2,814
Retention receivables, net of loss allowance	21,811	26,725
	<u>50,828</u>	<u>51,263</u>

As at 31 December 2024, the amounts of retention receivables expected to be recovered after more than one year is approximately HK\$15,796,000 (2023: HK\$14,185,000). 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, based on the date of payment certificate and net of loss allowance, is as follows:

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Within 1 month	21,463	20,859
1 to 3 months	5,360	138
Over 3 months	403	727
	<u>27,226</u>	<u>21,724</u>

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

## 11. CONTRACT ASSETS AND CONTRACT LIABILITIES

### (a) Contract assets

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Arising from performance under installation contracts, net of loss allowance	<u>17,990</u>	<u>28,739</u>
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables"	<u>49,037</u>	<u>48,449</u>

(b) **Contract liabilities**

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Installation contracts		
— Billing in advance of performance	<u>379</u>	<u>178</u>

**12. TRADE AND OTHER PAYABLES**

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade payables	4,261	11,771
Accrued subcontracting costs	6,607	2,665
Other payables and accruals	3,209	4,391
Provision for long service payment	<u>197</u>	<u>330</u>
	<u>14,274</u>	<u>19,157</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:

	<b>As at 31 December</b>	
	<b>2024</b>	<b>2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Within 1 month	1,023	5,905
1 to 2 months	2,886	5,496
2 to 3 months	352	100
Over 3 months	<u>—</u>	<u>270</u>
	<u>4,261</u>	<u>11,771</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			
	2024		2023	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Services transferred over time	<b>89,332</b>	<b>68</b>	121,873	80
Products transferred at a point in time	<b>41,924</b>	<b>32</b>	31,077	20
	<b><u>131,256</u></b>	<b><u>100</u></b>	<b><u>152,950</u></b>	<b><u>100</u></b>

By type of services:

	Year ended 31 December			
	2024		2023	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Installation services only	<b>16,796</b>	<b>13</b>	70,568	46
Installation services with HVAC systems procurements	<b>114,460</b>	<b>87</b>	82,382	54
	<b>131,256</b>	<b>100</b>	152,950	100

During the year ended 31 December 2024, the Group's revenue decreased by approximately HK\$21,694,000 or 14.2% to approximately HK\$131,256,000. The decrease was primarily attributable to a suspension of a project under construction situated in Tuen Mun, which is expected to resume in 2026. In addition, several projects reached the completion stage, while only a few new projects commenced during the year.

#### Cost of services

	Year ended 31 December			
	2024		2023	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Subcontracting fees	<b>43,956</b>	<b>37</b>	51,306	38
Materials and consumables	<b>54,565</b>	<b>47</b>	54,724	41
Direct labour	<b>12,919</b>	<b>11</b>	17,377	13
Storage fee	<b>3,722</b>	<b>3</b>	5,267	4
Others	<b>2,712</b>	<b>2</b>	5,069	4
	<b>117,874</b>	<b>100</b>	133,743	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 decreased by approximately HK\$15,869,000 or 11.9% to approximately HK\$117,874,000 for the year ended 31 December 2024, as compared to approximately HK\$133,743,000 for the year ended 31 December 2023. The decrease was mainly due to the decrease in revenue.

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

The Group's gross profit decreased by approximately HK\$5,825,000 or 30.3% from approximately HK\$19,207,000 for the year ended 31 December 2023 to approximately HK\$13,382,000 for the year ended 31 December 2024. The Group's gross profit margin decreased from approximately 12.6% for the year ended 31 December 2023 to approximately 10.2% for the year ended 31 December 2024. The decrease in the gross profit margin was mainly due to the additional subcontracting charges and lower profit margin for projects with HVAC system procurements.

## **Other income**

The other income mainly consisted of bank interest income and other services income, which principally included repairing and other installation services recognised for the year ended 31 December 2024.

## **Administrative expenses**

Administrative expenses mainly comprised staff costs, meals and entertainment expenses, depreciation expenses, transportation expenses and others. Administrative expenses decreased from approximately HK\$28,465,000 for the year ended 31 December 2023 to approximately HK\$28,286,000 for the year ended 31 December 2024. The decrease in administrative expenses of the Group was mainly due to the net effect of an increase in impairment of expected credit loss on trade and other receivables and contract assets, the write-off of contract assets, decrease in salaries and allowances and decrease in the cost of repairing and other installation services.

## **Finance costs**

Finance costs of approximately HK\$88,000 (2023: approximately HK\$65,000) for the year ended 31 December 2024 represented interest expenses on lease liabilities.

## **Income tax expense**

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 2024 and 2023.

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

For the year ended 31 December 2024, the Group's loss and total comprehensive expense attributable to equity shareholders of the Company was approximately HK\$6,861,000 (2023: profit and total comprehensive income of approximately HK\$680,000).

## **Dividend**

The Board has approved and declared a special dividend of HK2.40 cents per ordinary share of the Company on 25 July 2024 (2023: Nil).

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

## **Trade and other receivables**

Trade receivables increased by approximately HK\$5,502,000 from approximately HK\$21,724,000 as at 31 December 2023 to approximately HK\$27,226,000 as at 31 December 2024. As at 31 December 2024, the trade receivable balance included payment certificates of approximately HK\$8,000,000 issued near the end of the financial year resulting in a higher trade receivable balance when compared with that as 31 December 2023.

Retention receivables decreased by approximately HK\$4,914,000 from approximately HK\$26,725,000 as at 31 December 2023 to approximately HK\$21,811,000 as at 31 December 2024. The decrease in retention receivables was the net effect of retention recovered, addition of retention according to the progress of the projects and the increase in the impairment of expected credit loss.

Deposits, prepayment and other receivables decreased by approximately HK\$1,023,000 from approximately HK\$2,814,000 as at 31 December 2023 to approximately HK\$1,791,000 as at 31 December 2024. The decrease in the balance was mainly due to the deposits paid for raw material and motor vehicle acquisition near the end of financial year as at 31 December 2023 are realised during the year.

## **Trade and other payables**

Trade payables decreased by approximately HK\$7,510,000 from approximately HK\$11,771,000 as at 31 December 2023 to approximately HK\$4,261,000 as at 31 December 2024. The decrease was mainly due to the Group made large purchase of HVAC systems for projects installation near the end of financial year as at 31 December 2023.

## **FUTURE PROSPECTS**

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, our management's strong capabilities and track record are expected to enable us to be competitive in these potential tenders. In addition, we will continue to step up financial and licensing management, internal control and corporate governance. Moreover, we will continue to improve the management of business plans and budgets and enhance our capabilities in executing plans and controlling budgets, strengthen our human resources and focus on training talents so as to further raise our management standards which will in return deliver stable and sustainable development to the Group.

The property value threshold for levying the Stamp Duty of HK\$100 will be raised from HK\$3 million to HK\$4 million, with effect from 26 February 2025, to alleviate the burden on purchasers of lower-value residential and non-residential properties. It is expected that this change will revitalize the property market and boost transaction volumes. Consequently, developers may consider launching new development projects, leading to a potential rise in tender.

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.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group had net current assets of approximately HK\$119,459,000 as at 31 December 2024 (2023: approximately HK\$150,233,000). The quick ratio of the Group was approximately 8.7 times as at 31 December 2024 (2023: approximately 8.3 times). The Group generally financed its daily operations by its internal resources. The remaining unused net proceeds as at 31 December 2024 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 0.7% as at 31 December 2024 (2023: 1.0%).

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 2024.

## CAPITAL EXPENDITURE

During the year ended 31 December 2024, the Group invested approximately HK\$1,482,000 (2023: approximately HK\$1,874,000) 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 2024, the Group had no significant capital commitments (2023: Nil).

## CONTINGENT LIABILITIES

As at 31 December 2024, contingent liabilities not provided for in the consolidated financial statements were as follows:

	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Court proceedings ( <i>Note</i> )	<b>872</b>	872

*Note:*

In 2020, a subcontractor (“**the plaintiff**”) sued Man Tung Air-Conditioning Works Limited (“**Man Tung AC Works**”), a subsidiary of the Company for the amount due of HK\$871,664 for the ventilation fans installation works. Currently, Man Tung AC 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**

No property, plant and equipment has been pledged as at 31 December 2024 and 2023.

## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

During the year ended 31 December 2024, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries and affiliated companies (2023: 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 2024, the Group had 64 employees (2023: 71 employees) with total staff costs (including Directors' emoluments) of approximately HK\$26,098,000 incurred for the year ended 31 December 2024 (2023: approximately HK\$32,157,000). 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:

	Net proceeds <i>HK\$'000</i>	Utilised <i>HK\$'000</i>	Unutilised <i>HK\$'000</i>	Expected timeline
Procurement of HVAC systems	87,654	87,654	–	
Taking out surety bonds	4,608	4,226	382	End of 2025
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 2024, 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 2024.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 2 June 2025 to Thursday, 5 June 2025 (both days inclusive), for the purpose of determining Shareholders’ entitlement to attend and vote at the annual general meeting. In order to be eligible to attend and to vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 30 May 2025.

## **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 2024 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 2024.

## **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 2024, 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 Ms. Ngai Yuk Chun, who has appropriate professional qualifications and experience as required by the Listing Rules.

## **PUBLICATION OF ANNUAL RESULTS AND 2024 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.manshungroup.com.hk](http://www.manshungroup.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 2024 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, 29 March 2025

*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 Ms. Ngai Yuk Chun.*