WINSON HOLDINGS HONG KONG LIMITED
永 順 控 股 香 港 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code on Main Board: 6812)

(Stock Code on GEM: 8421)

TRANSFER OF LISTING FROM GEM TO THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Joint Sponsors

MESSIS 大有融資 BALLAS CAPITAL

On 21 June 2019, an application was made by the Company to the Stock Exchange for the Transfer of Listing pursuant to Chapter 9A of and Appendix 28 to the Main Board Listing Rules. As six months had passed since the application, a re-submission for the Transfer of Listing application has been made by the Company to the Stock Exchange on 31 January 2020. The Company has applied for the listing of, and permission to deal in (i) 600,000,000 Shares in issue; (ii) 168,000 Shares which may fall to be allotted and issued upon the exercise of the outstanding options granted under the Pre-IPO Share Option Scheme on 23 February 2017; and (iii) 60,000,000 Shares which may fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, on the Main Board by way of transfer of listing from GEM to the Main Board.

The Board is pleased to announce that the approval-in-principle was granted by the Stock Exchange on 3 June 2020 for the Transfer of Listing. The last day of dealings in the Shares on GEM (Stock code: 8421) will be Wednesday, 10 June 2020. Dealings in the Shares on the Main Board (Stock code: 6812) will commence at 9:00 a.m. on Thursday, 11 June 2020. The Board confirms that as at the date of this announcement, all pre-conditions for the Transfer of Listing have, insofar as applicable, been fulfilled in relation to the Company and its securities.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the share registrars and transfer offices of the Company following the Transfer of Listing.

The Shares have been listed on GEM since 16 March 2017 by way of share offer with the final offer price of HK$0.42 per Share. The highest closing price and lowest closing price at which the Shares have been traded on GEM since 16 March 2017 and up to the Latest Practicable Date was HK$0.67 per Share on 31 May 2018 and HK$0.232 per Share on 5 July 2017, respectively. During the aforesaid period, the closing price per Share had risen for a maximum of approximately 59.5% (by comparing the highest closing price and the Listing's final offer price) and fallen for a maximum of approximately 44.8% (by comparing the lowest closing price and the Listing's final offer price).

The Board noted that the price of the Shares has been volatile and may continue to be volatile. **Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

References are made to the announcements issued by the Company dated 21 June 2019, 21 December 2019 and 31 January 2020 in relation to the formal application submitted to the Stock Exchange for the Transfer of Listing pursuant to the relevant provisions of the GEM Listing Rules and Main Board Listing Rules.

TRANSFER OF LISTING OF THE SHARES FROM GEM TO THE MAIN BOARD

On 21 June 2019, a formal application was made by the Company to the Stock Exchange for the Transfer of Listing. As six months had passed since the application, a re-submission for the Transfer of Listing application has been made by the Company to the Stock Exchange on 31 January 2020. The Company has applied for the listing of, and permission to deal in (i) 600,000,000 Shares in issue; (ii) 168,000 Shares which may fall to be allotted and issued upon the exercise of the outstanding options granted under the Pre-IPO Share Option Scheme on 23 February 2017; and (iii) 60,000,000 Shares which may fall to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, on the Main Board by way of transfer of listing from GEM to the Main Board. The approval-in-principle was granted by the Stock Exchange on 3 June 2020 for the Shares to be listed on the Main Board and de-listed from GEM. The Board confirms that as at the date of this announcement, all pre-conditions for the Transfer of Listing have, insofar as applicable, been fulfilled in relation to the Company and its securities.

REASONS FOR THE TRANSFER OF LISTING

The Company has been listed on GEM since 16 March 2017. The Company is an investment holding company and its subsidiaries are principally engaged in provision of environmental hygiene and related services and airline catering support services in Hong Kong. Further details of the principal activities of the Group are set out in the paragraph headed "Summary of the Group's business" in this announcement.

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board. Following the continuing development of the Group, the Directors believe the Transfer of Listing will enhance the profile of the Group and the attractiveness of the Shares to both institutional and retail investors. The Directors consider that a public listing status on the Main Board may offer the Company a broader shareholder base and enhance its brand awareness and publicity. The Directors also believe that this will further strengthen the Group's position in the industry and enhance the Group's competitiveness in attracting and retaining the Group's key employees and customers, particularly customers who are sizeable and prefer to engage services providers which are listed on the Main Board and with higher corporate profile and creditability, sound internal and corporate governance practice and regulatory supervision.

The Directors also believe that the Main Board is perceived as an enhanced status among investors which could result in a larger investor base leading to higher trading liquidity in the Shares. Having considered the above, the Directors are of the view that the listing of the Shares on the Main Board will be beneficial to the Group's future growth and business development as well as its financial flexibility, and it will create a long-term value to the Shareholders.

The Transfer of Listing will not involve any issue of new Shares by the Company. As at the date of this announcement, the Board has no immediate plans to change the nature of the business of the Group following the Transfer of Listing.

DEALINGS IN THE SHARES ON THE MAIN BOARD

The Shares have been accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS with effect from 16 March 2017, the date on which the Shares were first listed on GEM. Subject to the continued compliance with the stock admission requirements of HKSCC, the Shares will continue to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS once dealings in the Shares on the Main Board commence, and that all activities under CCASS are subject to the General Rules of the CCASS and CCASS Operational Procedures in effect from time to time.

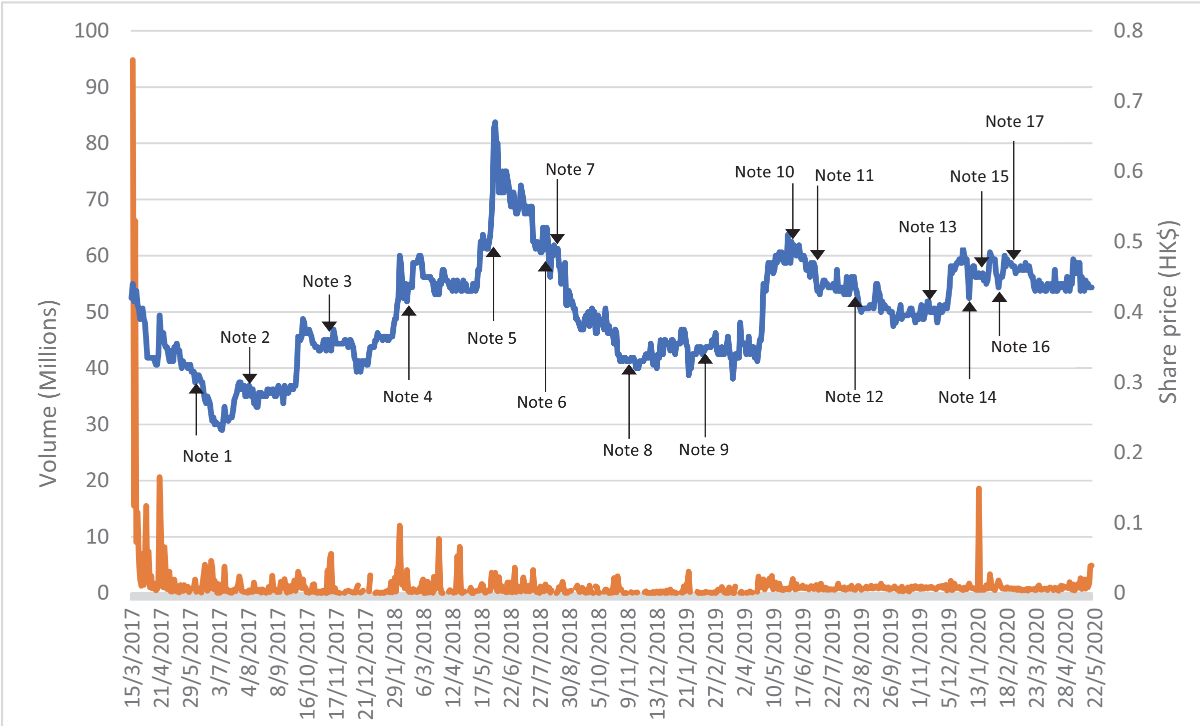
The last day of dealings in the Shares on GEM (Stock code: 8421) will be Wednesday, 10 June 2020. Dealings in the Shares on the Main Board (Stock code: 6812) will commence at 9:00 a.m. on Thursday, 11 June 2020.

The Transfer of Listing will have no effect on the existing share certificates in respect of the Shares which will continue to be good evidence of legal title and be valid for delivery, trading, settlement and registration purposes and will not involve any transfer or exchange of the existing share certificates. Currently, the Shares are traded in board lots of 5,000 Shares each and are traded in Hong Kong dollars. The principal share registrar and transfer office of the Company is Conyers Trust Company (Cayman) Limited and the Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited. No change will be made to the English and Chinese stock short names of the Company, the existing share certificates, the board lot size, the trading currency of the Shares and the abovementioned share registrars and transfer offices of the Company following the Transfer of Listing.

Share Price Volatility

The Shares have been listed on GEM since 16 March 2017 by way of share offer with the final offer price of HK$0.42 per Share. The highest closing price and lowest closing price at which the Shares have been traded on GEM since 16 March 2017 and up to the Latest Practicable Date was HK$0.67 per Share on 31 May 2018 and HK$0.232 per Share on 5 July 2017, respectively. During the aforesaid period, the closing price per Share had risen for a maximum of approximately 59.5% (by comparing the highest closing price and the Listing's final offer price) and fallen for a maximum of approximately 44.8% (by comparing the lowest closing price and the Listing's final offer price).

The following chart sets forth the closing prices and trading volume of the Shares since the Shares have been listed on the GEM and up to the Latest Practicable Date.



Note 1: The Company issued the annual results announcement for the year ended 31 March 2017 on 7 June 2017.

Note 2: The Company issued the quarterly results announcement for the three months ended 30 June 2017 on 11 August 2017.

Note 3: The Company issued the interim results announcement for the six months ended 30 September 2017 on 13 November 2017.

Note 4: The Company issued the quarterly results announcement for the nine months ended 31 December 2017 on 7 February 2018.

Note 5: The Company issued the annual results announcement for the year ended 31 March 2018 on 25 May 2018.

Note 6: The Company issued a profit warning announcement on the results for the three months ended 30 June 2018 on 31 July 2018.

Note 7: The Company issued the quarterly results announcement for the three months ended 30 June 2018 on 13 August 2018.

Note 8: The Company issued the interim results announcement for the six months ended 30 September 2018 on 12 November 2018.

Note 9: The Company issued the quarterly results announcement for the nine months ended 31 December 2018 on 11 February 2019.

Note 10: The Company issued the annual results announcement for the year ended 31 March 2019 on 28 May 2019.

Note 11: The Company issued an announcement in relation to the first submission of the application for the Transfer of Listing on 21 June 2019.

Note 12: The Company issued the quarterly results announcement for the three months ended 30 June 2019 on 12 August 2019.

Note 13: The Company issued the interim results announcement for the six months ended 30 September 2019 on 12 November 2019.

Note 14: The Company issued the lapse of Transfer of Listing announcement on 21 December 2019.

Note 15: The Company issued an announcement in relation to the placing of an aggregate of 18,000,000 Shares by Sze's Holdings on 6 January 2020.

Note 16: The Company issued an announcement in relation to the re-submission of the application for the Transfer of Listing on 31 January 2020.

Note 17: The Company issued the quarterly results announcement for the nine months ended 31 December 2019 on 11 February 2020.

As shown in the chart above, the closing price of the Shares reached its peak at HK$0.67 per Share on 31 May 2018 and showed a downward trend afterwards during the second half of 2018 and the first quarter of 2019 (the "**First Period**"). The closing price of the Shares then showed an upward trend during mid-April 2019 to mid-May 2019 (the "**Second Period**"). The prices of the Shares during the First Period continued to decrease prior to the publication of the profit warning announcement of the Company on 31 July 2018 and to the best of the Directors' knowledge, after having made all reasonable enquiries, the Directors were not aware of any reasons for the price or trading volume movements during the First Period and the Second Period or of any information that had to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board noted that the price of the Shares has been volatile and may continue to be volatile. **Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

SHARE OPTION SCHEMES

The Pre-IPO Share Option Scheme and the Share Option Scheme were adopted by the Company on 21 February 2017.

An aggregate of 192,000 share options were granted by the Company under the Pre-IPO Share Option Scheme on 23 February 2017 and 24,000 share options have been lapsed. 168,000 share options remained outstanding as at the date of this announcement. No further options will be granted under the Pre-IPO Share Option Scheme but in all other respects the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect to the exercise of any options granted following the Transfer of Listing and will be implemented in full compliance with the requirements of Chapter 17 of the Main Board Listing Rules.

As at the date of this announcement, no option has been granted by the Company or outstanding under the Share Option Scheme. A total of 60,000,000 Shares, representing 10% of the issued share capital of the Company as at 16 March 2017, the date on which the Shares were first listed on GEM, may fall to be issued upon exercise of the share options that may be but not yet granted under the Share Option Scheme. The Share Option Scheme will remain effective following the Transfer of Listing and will be implemented in full compliance with the requirements of Chapter 17 of the Main Board Listing Rules.

The listing of Shares which may be issued pursuant to the Pre-IPO Share Option Scheme and Share Option Scheme will also be transferred to the Main Board pursuant to Rule 9A.10 of the Main Board Listing Rules.

As at the date of this announcement, save for the options that are granted under the Pre-IPO Share Option Scheme and may be granted under the Share Option Scheme, the Company does not have any other options, warrants or similar rights or convertible equity securities in issue which will be transferred to the Main Board.

PUBLIC FLOAT

References are made to the announcements of the Company dated 6 January 2020 and 7 January 2020. Sze's Holdings, one of the Controlling Shareholders, placed down an aggregate of 18,000,000 Shares (the "**Placing**"), which represented 3% of the entire issued share capital of the Company, to no less than 20 placees who are independent third parties through a placing agent. No placee was placed more than 1,000,000 Shares under the Placing. Completion of the Placing took place on 7 January 2020. Immediately before the completion of the Placing, the Controlling Shareholders and the public Shareholders held 450,000,000 Shares and 150,000,000 Shares, representing 75% and 25% of the entire issued share capital of the Company, respectively.

Immediately after the completion of the Placing, the Controlling Shareholders and the public Shareholders held 432,000,000 Shares and 168,000,000 Shares, representing 72% and 28% of the entire issued share capital of the Company, respectively.

The Company has sent letters to each of the banks and brokerage houses listed on the shareholders list of CCASS as at 9 January 2020, requesting them to provide the identity of the beneficial owners and the number of the shares owned by such beneficial owners. Based on (a) the information received by the Company up to the Latest Practicable Date; (b) the register of members of the Company; and (c) to the best knowledge of the Directors, as at 9 January 2020 (being the latest practical date for the Company to ascertain its shareholding prior to the Transfer of Listing), (i) the Controlling Shareholders held in aggregate 432,000,000 Shares, representing 72% of the entire issued share capital of the Company; (ii) public Shareholders held in aggregate 168,000,000 Shares, representing 28% of the entire issued share capital of the Company; and (iii) there were not less than 338 public Shareholders.

The below table sets out the number of identifiable Shareholders and the Shareholders' spread including the Shares held by the Controlling Shareholders as at 9 January 2020:

	Aggregate number of Shares held by the identifiable Shareholder(s) *(Notes 1 & 2)*	**Approximate % to the entire issued share capital of the Company**
Top 3 identifiable Shareholders (including the Controlling Shareholders)	469,370,000	78.23%
Top 10 identifiable Shareholders (including the Controlling Shareholders)	499,730,000	83.29%
Top 20 identifiable Shareholders (including the Controlling Shareholders)	522,635,000	87.11%
Top 25 identifiable Shareholders (including the Controlling Shareholders)	529,930,000	88.32%

Notes:

1. For the purpose of calculating the number of Shareholders, a Shareholder who holds Shares through multiple brokerage accounts via different banks and brokerage houses has been counted as a single Shareholder.

2. Based on the information received up to the Latest Practicable Date, as at 9 January 2020, the Shareholders holding an aggregate of 10,040,000 Shares are unidentifiable, representing approximately 1.67% of the entire issued share capital of the Company.

The Directors confirm that (i) at least 25% of the total number of Shares was held by the public (as defined in the Main Board Listing Rules) as at the date of this announcement; (ii) the Company has at least 300 Shareholders; and (iii) not more than 50% of the Shares held by the public are held by the three largest public Shareholders. Accordingly, the minimum public float requirement under Rule 8.08 of the Main Board Listing Rules has been complied with.

COMPETING BUSINESS

As at the date of this announcement, the Directors confirm that none of the Directors or Controlling Shareholders or their respective close associates and ultimate beneficial owners (if applicable) has any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group which needs to be disclosed pursuant to Rules 8.10(1) and (2) of the Main Board Listing Rules.

GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Pursuant to Rule 9A.12 of the Main Board Listing Rules, the general mandates granted by the Shareholders at the annual general meeting of the Company held on 8 August 2019 to the Directors to allot and issue new Shares and repurchase Shares will continue to be valid and remain in effect until the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by the applicable laws or regulations of the Cayman Islands or the Articles to be held; and

(c) the date on which such authority given to the Directors is revoked or varied by an ordinary resolution by the Shareholders in general meeting.

PUBLICATION OF RESULTS

Upon the Transfer of Listing, the Company will cease the practice of reporting financial results on a quarterly basis and will follow the relevant requirements of the Main Board Listing Rules, which include publishing its interim results and annual results within two months and three months from the end of the relevant periods or financial year ends, respectively. The Board is of the view that the investors and the Shareholders will continue to have access to relevant information of the Company following the reporting requirements under the Main Board Listing Rules.

SUMMARY OF THE GROUP'S BUSINESS

Principal Activities of the Group

The Group is a service provider specialising in environmental hygiene and related services and airline catering support services in Hong Kong, serving customers including owners and management companies of office buildings, commercial and industrial centres, residential premises, as well as mass transit transportation operator, airline catering operators and tenants of various premises.

Environmental hygiene and related services

The Group provides environmental hygiene and related services which include public area and office cleaning, waste disposal, as well as specialised services such as external curtain wall and window cleaning, marble floor maintenance and restoration and pest management services.

Public area and office cleaning

The Group provides public area cleaning services at places including commercial centres, industrial buildings, residential premises, shopping arcades, hotels, academic institutions and public transport facilities such as MTR stations. The Group also provides office cleaning services at tenanted areas of office buildings and shopping arcades.

The public area and office cleaning services provided by the Group includes floor and carpet, toilet, lift and escalator, furniture and clubhouse area cleaning. The Group provides public area and/or office cleaning services to owners and management companies of office buildings, shopping arcades and residential premises, hotels, academic institutions, a mass transit transportation operator and tenants of various premises.

For certain premises, the Group will also provide external curtain wall and window cleaning services, as well as marble floor maintenance.

Waste disposal

The Group provides one-stop waste collection, transport and disposal solutions to customers. The Group deploys its own fleet of specialised vehicles for waste disposal services or engages third party service providers of specialised vehicles if the Group does not possess the necessary specialised vehicles or the Group considers that it is more cost-effective to deploy third party service providers.

Pest management services

Pest management services include indoor pest management and rodent prevention and control services that involve spraying pesticides, fogging, application of cockroach repellant gel and rodenticide. The pest management services are either part of the scope of service of environmental hygiene and related services or as a standalone engagement. The Group provides pest management services to owners and management companies of office buildings, shopping arcades and residential premises, mass transit transportation operator and tenants of various premises.

According to the Frost & Sullivan Report, the market size of the environmental hygiene services industry in Hong Kong is approximately HK$15,538 million in 2018. The top 10 industry participants accounted for an aggregated market share of approximately 55.1% in 2018, while the Group ranked 8th with a market share of approximately 3.2% in terms of revenue.

Airline catering support services

The Group provides airline catering support services at flight kitchens of airline catering operators in Hong Kong which in general require a higher hygiene standard for their kitchens and food preparation. For the provision of airline catering support services, the staff are responsible for plating of meals, checking and tray-setting, inserting completed meal trays into meal carts and transporting the meal carts manually or through automated systems to the designated areas as instructed by the customers.

According to the Frost & Sullivan Report, the market size of the airline catering support services in Hong Kong is approximately HK$110.6 million in 2018. The Group recorded approximately HK$38.6 million revenue from airline catering support services for the year ended 31 March 2019, representing a market share of approximately 34.9% in terms of revenue.

The following table sets out a breakdown of the total revenue by the abovementioned services and by types of premises during the Track Record Period:

	Year ended 31 March			Nine months ended 31 December	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	(unaudited)
Environmental hygiene and related services					
— Office and commercial centres	118,936	134,780	146,552	107,929	122,804
— Residential premises	62,087	70,330	83,152	63,896	52,420
— Transportation	132,839	129,758	124,010	92,573	104,345
— Others *(Note)*	118,757	132,877	145,057	105,759	119,698
Subtotal	432,619	467,745	498,771	370,157	399,267
Airline catering support services	34,894	40,361	38,553	29,649	27,660
Total	467,513	508,106	537,324	399,806	426,927

Note: Others mainly include the environmental hygiene and related services provided in industrial buildings, hotels and tenants of various premises.

Premises serviced by the Group

Environmental hygiene and related services

The environmental hygiene and related services constituted approximately 92.5%, 92.1%, 92.8% and 93.5% of the total revenue of the Group for the Track Record Period, respectively. As at the Latest Practicable Date, the Group had 1,944 employees (including both full-time and part-time) in the operation team for provision of environmental hygiene and related services. Set out below are the types of premises that the Group provides its environmental hygiene and related services:

a. *Shopping arcades, office and commercial centres*

During the Track Record Period, the Group provided environmental hygiene and related services in shopping arcades, office and commercial centres including MegaBox, Enterprise Square V, Telford Plaza, Whampoa Garden Shopping Arcade, Mira Place One and The Mira. The revenue derived from the services rendered in shopping arcades, office and commercial centres contributed to approximately 25.4%, 26.5%, 27.3% and 28.8% of the Group's total revenue for the Track Record Period, respectively.

b. *Residential premises*

During the Track Record Period, the Group provided environmental hygiene services in residential premises including premises in Discovery Bay, Richland Garden and RIVA. The revenue derived from the services rendered in residential premises contributed to approximately 13.3%, 13.8%, 15.5% and 12.3% of the Group's total revenue for the Track Record Period, respectively.

c. *Transportation*

During the Track Record Period, the Group provided environmental hygiene and related services in public transportation stations and related areas of MTR lines such as the East Railway Lines, the Ma On Shan Line, the West Rail Line and the Light Rail. The revenue derived from services rendered in public transportation contributed to approximately 28.4%, 25.5%, 23.1% and 24.4% of the Group's total revenue of the Group for the Track Record Period, respectively.

d. *Others*

During the Track Record Period, the Group provided environmental hygiene and related services in other premises which mainly included (i) industrial buildings such as Chai Wan Industrial City and Wah Luen Industrial Building; (ii) hotels such as Silka West Kowloon Hotel, Silka Seaview Hotel and Silka Far East Hotel; and (iii) tenants and shops of various premises. The revenue derived from services rendered in the above other premises contributed to approximately 25.4%, 26.2%, 27.0% and 28.0% of the Group's total revenue for the Track Record Period, respectively.

The following tables set out the examples of premises serviced by the Group for the Track Record Period:

Name of premises	**Address**	**Services provided**	**Service area** *(Note)*
Commercial buildings/shopping arcades			
MegaBox, Enterprise Square V	Kowloon Bay, Kowloon	Environmental hygiene services	Public and common areas of the shopping arcade
Mira Place One, Mira Place Two, Mira Place Tower A, The Mira, Hong Kong	Tsim Sha Tsui, Kowloon	Environmental hygiene services	Public and common areas of the shopping arcade, commercial complex and carpark
Whampoa Garden Shopping Arcades of Site 1–12 & Carpark of Site 8	Whampoa Garden, Hung Hom, Kowloon	Environmental hygiene services and pest control services	Public and common areas of the shopping arcade and carpark
MTR — East Region Investment Mall a. Telford Plaza b. PopCorn 1, 2, The Lane & Lohas Park Temporary Market c. Paradise Mall & Heng Fa Chuen Club d. Citylink Plaza	 a. Kowloon Bay, Kowloon b. Tseung Kwan O, New Territories c. Heng Fa Chuen, Hong Kong d. Shatin, New Territories	Environmental hygiene services and pest control services	Public and common areas of the shopping arcade

Name of premises	Address	Services provided	Service area *(Note)*
Residential premises			
Discovery Bay Public areas	Discovery Bay, Lantau	Environmental hygiene services	Common areas and public recreation facilities, etc.
Discovery Bay — Amalfi, Chianti, Positano	Discovery Bay, Lantau	Environmental hygiene services	Common areas of residential area, landscaped area or common areas, customer service centre and swimming pool
RIVA	Yuen Long, New Territories	Environmental hygiene services	Common and public areas of the premises
Richland Gardens	Kowloon Bay, Kowloon	Environmental hygiene services	Domestic blocks, open space and common areas, management office, commercial complex and carpark, etc.
Villa Athena	Ma On Shan, New Territories	Environmental hygiene services	Common areas and facilities of estate and residential blocks, clubhouse, carpark and facilities
Primrose Hill	Tsuen Wan, New Territories	Environmental hygiene services	Common areas and facilities of estate and residential blocks, clubhouse, car park and facilities

Note: Such environmental hygiene and related services provided by the Group did not cover the entire building or premises or all branches of a company.

Airline catering support services

During the Track Record Period, the Group also provided airline catering support services which constituted approximately 7.5%, 7.9%, 7.2% and 6.5% of the Group's total revenue for the Track Record Period, respectively. As at the Latest Practicable Date, the Group had nil employees (including full-time and part-time) in its operation team for provision of airline catering support services. The Group's customers are airline catering operators in Hong Kong. The Group provides such services solely at the premises of its customers. For the recent development of the Group's airline catering support services, please refer to the section headed "Outbreak of Coronavirus disease (COVID-19)" in this announcement.

Project tendering and success rate

During the Track Record Period, most of the Group's revenue was derived from Tender Contracts constituting approximately 90.0%, 89.2%, 89.0% and 88.7% of the Group's total revenue, respectively.

Set out below is the breakdown of the Group's revenue during the Track Record Period by Tender Contracts and Quotations:

	Year ended 31 March			**Nine months ended 31 December**	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000* (unaudited)
Tender Contracts	420,670	453,483	478,432	356,150	378,504
Quotations	46,843	54,623	58,892	43,656	48,423
Total	467,513	508,106	537,324	399,806	426,927

The Group receives Tender Contract and Quotation invitations from potential customers or otherwise participates in open tenders. Upon receipt of a Tender Contract and Quotation invitation for a new project, the Group's operation manager will assess the scope of work, site specification, costs and profit margin of the Tender Contracts and Quotations. Based on this assessment, the senior management of the Group will decide whether to bid for the tender or accept the request for a quotation.

Apart from Tender Contracts, the Group also entered into legally binding Quotations with its customers. Under the Quotations, the Group provides its services under the scope and charges prescribed in service quotations accepted by customers. For non one-off Quotations, contract terms are either indefinite or usually for a term of one year, which shall remain in force with the same terms until a new contract is executed, and could be terminated by either party serving a one-month prior notice. The terms and conditions of the Quotations with regular services may be reviewed annually and adjustment on service charges or service scope may be applied under mutual agreement.

The marketing department is responsible for preparing tenders and quotations for submitting to potential customers. The Group may also obtain preliminary quotations from suppliers and third party service providers for materials and services required in order to have a preliminary estimation of the costs to be incurred.

The following table sets out the tender success rate of projects tendered and quoted for during the Track Record Period:

	For the year ended 31 March			**For the nine months ended 31 December**
	2017	**2018**	**2019**	**2019**
Total number of projects tendered for	228	179	157	129
Total number of projects awarded	56	51	54	32
Tender success rate	24.6%	28.5%	34.4%	24.8%

Tender success rate during the Track Record Period were approximately 24.6%, 28.5%, 34.4% and 24.8%, respectively. The Group's tender success rate showed an increasing trend for the three years ended 31 March 2019, principally because of the Group's strategy of focusing on submitting tenders with higher winning chance and its better reputation after the Listing.

During the Track Record Period, the Group had successfully renewed 76 out of 91, 62 out of 86, 68 out of 80 and 55 out of 65 expiring Tender Contracts and Quotations, respectively, representing a renewal rate of approximately 83.5%, 72.1%, 85.0% and 84.6%, respectively.

Subsequent to the Track Record Period and up to the Latest Practicable Date, the Group had submitted 94 tenders and 789 quotations, respectively and successfully obtained new Tender Contracts and Quotations with a total value of HK$9.9 million.

Once a service contract is awarded, the Group will honour its contractual obligations to provide the services pursuant to the contract terms. The Group's operations department is responsible for overseeing the daily operations to ensure the performance of services is in accordance with the contract terms including the allocation of resources and the procurement of materials and equipment. The Group's operations department is also responsible for recruiting, or allocating personnel and engaging third party service providers if needed to ensure sufficient manpower for delivering services under the contracts.

BUSINESS OUTLOOK AND RECENT DEVELOPMENT

As at the Latest Practicable Date, the Group had a total of 1,990 employees (including both fulltime and part-time employees) out of which 1,944 employees are responsible for the environmental hygiene and related services, nil employee is responsible for the airline catering support services and 46 employees are responsible for operation management.

Subsequent to the Track Record Period and up to the Latest Practicable Date, the Group obtained new Tender Contracts and Quotations of contract value in aggregate of approximately HK$9.9 million and renewed Tender Contracts of contract value in aggregate of approximately HK$65.45 million. The Directors confirmed that there was no material Tender Contracts terminated during the aforementioned period.

As at the Latest Practicable Date, the Group had 119 unexpired material services contracts on hand (without taking into account ad-hoc or one-off contracts) and the information of these contracts including their contract value (being the revenue not yet recognised in the consolidated statement of comprehensive income as at the Latest Practicable Date) are summarised in the table below:

Number of material services contracts on hand as at the Latest Practicable Date	119
Outstanding contract value of unexpired Tender Contracts on hand	*HK$' million*
From the Latest Practicable Date to 31 March 2021	300.9
After 31 March 2021	61.6
Total	362.5

During the Track Record Period, the Group had no material loss-making project.

The following table sets out the movement of the contract values of the Tender Contracts during the Track Record Period and up to the Latest Practicable Date.

	Year ended 31 March			Nine months ended 31 December	From 1 January 2020 up to the Latest
	2017	**2018**	**2019**	**2019**	**Practicable Date**
	HK$' million	*HK$' million*	*HK$' million*	*HK$' million*	*HK$' million*
Projects					
Outstanding contract value as at the beginning of the year/period	467.8	420.6	575.5	595.5	488.3
Value of new contracts, renewed contracts and ad-hoc projects secured during the year/period	373.5	608.4	498.4	271.3	66.5
Revenue recognised during the year/period	420.7	453.5	478.4	378.5	192.3
Outstanding contract value as at the end of the year/period	420.6	575.5	595.5	488.3	362.5

Note: Outstanding contract value as at each end of year/period is calculated as to subtracting the original contract value stated in the relevant contracts by the actual revenue recognised.

Despite the impact of the outbreak of COVID-19 as set out in details under the paragraph headed "The Outbreak of the Coronavirus Disease (COVID-19)" below, the Directors believe that the growing market size of the environmental hygiene services industry in Hong Kong in the long run would benefit the Group's future business development. According to the Frost & Sullivan Report, since the outbreak of COVID-19, some businesses have chosen to shorten their opening hours, temporarily close their stores or allow their workers to work from home to mitigate the impact of COVID-19, which has temporarily lowered the demand for environmental hygiene services, especially in the retail sector. On the other hand, the COVID-19 pandemic has increased the public awareness of hygiene and the demand for regular cleaning services since environmental hygiene services is considered as essential to prevent the spread of virus which can be transmitted through contact and respiratory droplets and can remain on various surfaces for days. Thus, the outbreak of COVID-19 is unlikely to have material impact to the environmental hygiene services market in Hong Kong in the long run. The market size of environmental hygiene services market in Hong Kong is expected to increase from approximately HK$16,401 million in 2019 to approximately HK$17,713 million in 2020, representing a growth of approximately 8.0%. With the rising awareness for hygiene, increase in government spending on waste management and rising number of properties in Hong Kong, the market size of the environmental hygiene services market is expected to increase at a CAGR of approximately 8.5% from approximately HK$17,713 million in 2020 to approximately HK$22,603 million in 2023.

According to the Frost & Sullivan Report, due to the border control and quarantine measures imposed by most of the countries, the flight passenger number has greatly decreased since the outbreak of COVID-19 and caused the plunge of demand for airline catering support services. Moreover, some airlines temporarily stopped offering in-flight meals to passengers to lower the risk of spreading the COVID-19. As such, the market size of airline catering support service is expected to decline by approximately 42.2% from approximately HK$114 million in 2019 to approximately HK$66 million in 2020. As the border control and quarantine measures are relaxed along with the gradual lowering number of reported cases, the global economy and air travel are expected to recover from 2021 onwards. The demand for airline catering support services is expected to recover and the market size of airline catering support services market in Hong Kong is expected to increase at a CAGR of approximately 16.0% from HK$66 million in 2020 to HK$103 million in 2023.

The Directors believe that the Group will continue to develop its environmental hygiene and related services business and airline catering support services business by soliciting more projects from existing customers and exploring new customers to solidify a stable revenue stream and providing further training to the in-house team to maintain a competitive edge over its competitors.

In addition to the temporary disruption of business as a result of the outbreak of COVID-19 as set out in details under the paragraph headed "The Outbreak of the Coronavirus Disease (COVID-19)" below, looking forward, the Group expects challenges from the potential implementation of certain government policies, in particular, the statutory minimum wage and the Municipal Solid Waste Charging Scheme. According to the Frost & Sullivan Report, the statutory minimum wage regulation has been effective since 2011 as regulated by the Minimum Wage Ordinance. With subsequent increases in statutory minimum wage in 2013, 2015, 2017 and 2019, and the effects of monetary inflation, the average monthly salary of workers in the environmental hygiene services industry is estimated to record a growth at a compound annual growth rate (the "**CAGR**") of approximately 5.2% from 2019 to 2023. The Frost & Sullivan Report also estimated that the Municipal Solid Waste Charging Scheme could be implemented by the end of 2020, which may increase the operation costs of the Group. Notwithstanding the above, the current wages of the front line workers of the Group are generally above the latest statutory minimum wage. The Directors confirmed that they will continue to monitor the development of the industry and closely liaise with the customers over the execution of contracts and the renewal thereof to quickly react to the potential market challenges.

OUTBREAK OF CORONAVIRUS DISEASE (COVID-19)

The recent global outbreak of the COVID-19 affects the Group's businesses in Hong Kong. As a result of the COVID-19 outbreak, the demand for certain environmental hygiene and related services of the Group, such as mist disinfection treatment for office premises, from existing and new customers increased. On the other hand, some customers of the Group's environmental hygiene and related services, which are mostly restaurant operators and operators in shopping malls, have requested for temporary suspension of services provided by the Group and/or discounts on the services fee charged due to temporary suspension of their operations. For February and March 2020, the monthly service income attributable to these customers amounted to approximately HK$2.9 million and HK$2.3 million respectively, representing a decrease of approximately 9.5% and 28.0% respectively as compared to the average monthly service income attributable to these customers of approximately HK$3.2 million during the nine months ended 31 December 2019. Given that these customers only accounted for a relatively small portion of approximately 7.3% of the total revenue generated from environmental hygiene and related services for the nine months ended 31 December 2019, the Directors expect that the COVID-19 outbreak will not have a material adverse impact on the Group's environmental hygiene and related services, in particular, for February and March 2020, the Group's monthly service income attributable to its environmental hygiene and related services increased by around 8.3% and 3.7% respectively as compared with the corresponding period in 2019. Subsequent to the Track Record Period and up to the Latest Practicable Date, the Directors confirm that there was no cancellation of the existing contracts nor experience any material delay in the tendering process which the Group has participated for environmental hygiene and related services.

Since February 2020, the demand for the Group's airline catering support services has significantly decreased as there is a significant drop in demand for flights as a result of the travel restrictions and/or mandatory quarantine measures. The Group's monthly service income attributable to airline catering support services has decreased by around 27.8% and 83.4% respectively in February and March 2020 as compared with corresponding period in 2019.

As at 29 February 2020, the Group originally had 156 employees (including full-time and part-time) in its operation team for the provision of airline catering support services. The Group's airline catering support services has suspended since March 2020. From 1 March 2020 and up to the Latest Practicable Date, 52 part-time employees of the airline catering support services operation team were no longer engaged and 104 full-time employees of the airline catering support services operation team were dismissed/laid-off, representing approximately 33.3% and 66.7% of the total number of employees of the airline catering support services operating team as at 29 February 2020 respectively, leaving no employees in the airline catering support services operation team. Since 10 April 2020, the Group did not receive service income from the customers of the Group's airline catering support services. As confirmed by the Directors, based on their discussion with the customers, it is expected that the airline catering services will be suspended until August 2020 and will gradually resume from September 2020 onwards.

The Directors do not expect to incur a material operating loss during such temporary suspension of airline catering support services and expect that the impact is not material to the overall business operation and prospect of the Group considering that (i) the airline catering support services only contributed approximately 5.5% of the gross profit of the Group for the nine months ended 31 December 2019; (ii) the expected operating expenses for maintaining minimum operation of airline catering support services during the suspension period from March 2020 to August 2020 are immaterial to the Group; (iii) as at the Latest Practicable Date, none of the contracts on hand for airline catering support services had been terminated and based on the discussion between the Group and its customers, it is expected that the contracts would be renewed and continued after the resumption of business in September 2020; and (iv) the Group does not foresee any difficulties in recruiting the operating staff for airline catering support services after the resumption of business in September 2020.

The Directors confirm that (i) the Group did not experience any material difficulties in procuring cleaning materials; (ii) the price of raw materials, consumables and services used in the Group's services remained relatively stable before and after the COVID-19 outbreak; and (iii) there was no material shortage in the supply of workers in Hong Kong which may materially affect the Group's operation. The Group have implemented various preventive measures to protect its employees from the outbreaks of infectious diseases, including the following:

— monitoring the stock of personal protection equipment (including but not limited to surgical masks and hand sanitiser) for staff and workers;

— hand sanitising and mandatory body temperature check before entering works sites and office, and for those who have fever or respiratory symptoms shall be refrained from working and be advised to seek medical advice promptly; and

— mandatory travel reporting and compulsory 14-day quarantine for staff returning from the PRC and overseas.

As at the Latest Practicable Date, none of the Group's employees, including the Directors or senior management, has reported to the Group's management to have been infected by COVID-19.

The Group has conducted a worst case scenario business assessment where the Group is forced to suspend all of its business operations, whether due to government policy or any other reasons beyond the Group's control, as a result of the COVID-19 outbreak. In the occurrence of this unlikely event, the Directors estimate that based on the cash and cash equivalents as at 31 March 2020, the Group will have sufficient working capital and remain financially viable to maintain its minimal operation for at least 12 months. The key assumptions under this worst case scenario are: (i) the Group will not generate any income due to the suspension of business; (ii) the Group will incur severance payment and payment in lieu of notice where appropriate for dismissing the staff in its operation team in accordance with the employment contract and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong); (iii) the Group's operation management team is encouraged to take unpaid leave under mutual consent; (iv) minimal general operating expenses will be incurred to maintain the Group's operation at a minimum level (including rental expenses, utilities expenses, bank loan interests, auditors remuneration and legal and professional fees); (v) the Group will settle its outstanding tax liabilities and listing expenses in relation to the Transfer of Listing; (vi) there will be no further internal or external financing from the Shareholders or financial institutions; and (vii) no dividend will be declared and paid under such situation.

The abovementioned extreme situation is for illustrative purpose only and may or may not occur. The Directors currently assessed that the likelihood of such situation is remote. The Directors will continue to assess the impact of the COVID-19 on the Group's business operations and financial performance and closely monitor the Group's exposure to the risks and uncertainties in connection with the COVID-19. The actual impact caused by the outbreak of COVID-19 will depend on its subsequent development; therefore, it is possible that such impact to the Group is out of the Directors' control and beyond the Group's estimation and assessment.

Based on the latest information on the impact of the COVID-19 outbreak, with the above measures taken, the Directors believe that the business operations and financial performance of the Group remain sustainable. Save as disclosed above, the Directors confirm that as far as the Directors are aware, there has been no material adverse change in the business operations, financial conditions or trading position since 31 March 2019, being the date to which the latest audited consolidated financial information was prepared, and up to the Latest Practicable Date.

MAJOR CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

Customers

Customers of the Group include owners and management companies of office buildings, commercial and industrial centres, residential premises, as well as mass transit transportation operator, airline catering operators and tenants of various premises.

For all the services provided to the customers covering environmental hygiene and related services and airline catering support services, the Group generally enters into services contracts with customers for a specific period of time. During the Track Record Period, the number of customers the Group had served was 740, 823, 822 and 846 respectively.

For each of the years/period during Track Record Period, the revenue attributable to the Group's top five customers were approximately 67.2%, 64.3%, 62.1% and 61.3% of the Group's total revenue, respectively. Revenue from the Group's largest customer accounted for approximately 37.7%, 34.2%, 31.8% and 32.8% of the Group's total revenue for each of the years/period during Track Record Period, respectively. Set out below is a breakdown of the Group's revenue by major customers:

Year ended 31 March 2017

Rank		Revenue	As % of total revenue
		HK$'000	*%*
1	Customer A	176,065	37.7
2	Customer B	54,642	11.7
3	Customer C	39,500	8.5
4	Customer D	23,018	4.9
5	Customer E	20,727	4.4
	Five largest customers combined	313,952	67.2
	All other customers	153,561	32.8
	Total revenue	467,513	100.0

Year ended 31 March 2018

Rank		**Revenue** *HK$'000*	**As % of total revenue** *%*
1	Customer A	173,798	34.2
2	Customer B	61,809	12.1
3	Customer C	41,946	8.3
4	Customer E	26,876	5.3
5	Customer D	22,299	4.4
	Five largest customers combined	326,728	64.3
	All other customers	181,378	35.7
	Total revenue	508,106	100.0

Year ended 31 March 2019

Rank		**Revenue** *HK$'000*	**As % of total revenue** *%*
1	Customer A	171,100	31.8
2	Customer B	60,991	11.4
3	Customer C	44,267	8.3
4	Customer E	35,908	6.7
5	Customer D	21,150	3.9
	Five largest customers combined	333,416	62.1
	All other customers	203,908	37.9
	Total revenue	537,324	100.0

Nine months ended 31 December 2019

Rank		**Revenue** *HK$'000* (unaudited)	**As % of total revenue** *%*
1	Customer A	140,228	32.8
2	Customer B	46,790	11.0
3	Customer C	35,235	8.3
4	Customer E	19,825	4.6
5	Customer F	19,676	4.6
	Five largest customers combined	261,754	61.3
	All other customers	165,173	38.7
	Total revenue	426,927	100.0

Note: Revenue contribution by individual customers under the same ultimate holding company were aggregated to compose the above breakdown of the Group's revenue by major customers during the Track Record Period.

The table below sets forth the background information of the Group's major customers mentioned in the above table:

Customer	Services provided by the Group	Principal business	Years of business relationship (approximately)	Credit terms
Customer A	Environmental hygiene and related services	Transport operations; station commercial businesses; property rental and management; and property development	Over 22 years	30–35 days
Customer B	Environmental hygiene and related services and airline catering support services	Airline catering operator	Over 6 years	45–60 days
Customer C	Environmental hygiene and related services	Property management	Over 12 years	30–45 days
Customer D	Environmental hygiene and related services and airline catering support services	Airline catering operator	Over 5 years	30 days
Customer E	Environmental hygiene and related services	Property management	Over 12 years	30 days
Customer F	Environmental hygiene and related services	Property management	Over 17 years	30 days

Customer A is a Hong Kong listed company and its principal activities are (a) transport operations; (b) station commercial businesses; (c) property rental and management; (d) property development; (e) railway, property rental and management businesses outside Hong Kong; and (f) PRC property development and other businesses.

Customer B is principally engaged in airline catering services. It is a Hong Kong incorporated company which is a subsidiary of a Hong Kong listed company whose principal activities are operating scheduled airline services, airline catering, aircraft handling, aircraft engineering and cargo terminal operation.

Customer C is principally engaged in property management services. It is a Hong Kong incorporated company which is a subsidiary of a Hong Kong listed company whose principal activities are development, management and provision of essential and recreational services for residential housing and leisure projects, other property development, property investment, hotel operations and provision of healthcare services.

Customer D is principally engaged in airline catering services. It is a Hong Kong incorporated company which is a subsidiary of a Germany listed airline operator.

Customer E is principally engaged in property management services. It is a Hong Kong incorporated company which is a subsidiary of a Hong Kong listed company whose principal activities are property development, investment and management; hotel ownership and operations; integrated logistics and international freight forwarding.

Customer F is principally engaged in property management services. It comprises a group of subsidiaries owned by a Hong Kong listed company whose principal activities are property development; property leasing; department store operation; utility and energy; and other businesses.

The following table is a breakdown of the Group's revenue by private and public sectors during the Track Record Period:

	Year ended 31 March			Nine months ended 31 December	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	(unaudited)
Private sectors *(Note 1)*	290,213	332,900	364,260	270,844	283,985
Public sectors *(Note 2)*	177,300	175,206	173,064	128,962	142,942
Total	467,513	508,106	537,324	399,806	426,927

Notes:

1. Private sector mainly represent privately-owned companies.

2. Public sector is consisted of departments and authorities in Hong Kong Government, and companies or entities with substantial government investment or influence.

The Directors believe that the Group is not reliant on any single customer as the Group has been tendering projects among major service contracts and maintaining complementary business relationships with its major customers. The Directors believe that the Group is able to consistently provide services that meet customer requirements and retain long-term and stable relationships with its customers. In the event that any of the major customers substantially reduces the number of contracts placed or even terminates its business relationship with the Group, the Directors consider that the Group would be able to source new projects given the Group's wide customer base, reputation in the industry and proven track record of exploring new business opportunities.

Suppliers

During the Track Record Period, suppliers of goods and services were required on a regular basis to enable the Group to continue to carry on its business included:

(a) service providers of refuse removal services;

(b) suppliers of manpower to perform general environmental hygiene and related services;

(c) suppliers of consumables and equipment used in the provision of environmental hygiene and related services and airline catering support services; and

(d) suppliers of other miscellaneous goods and services.

For further details of the Group's cost of services by nature during the Track Record Period, please refer to section headed "Financial information of the Group — Cost of services" in this announcement.

For each of the years/period during the Track Record Period, the percentage of the manpower supplier charges and consumables (the "**Total Purchases**") attributable to the Group's top five suppliers were approximately 83.3%, 89.8%, 90.8% and 87.6%, respectively. The percentage of Total Purchases attributable to the Group's largest supplier for each of the years/period during the Track Record Period amounted to approximately 60.0%, 68.7%, 72.4% and 67.1%, respectively. Set out below is a breakdown of the Group's Total Purchase by major suppliers:

Year ended 31 March 2017

Rank		**Purchase**	**As % of Total Purchases**
		HK$'000	*%*
1	Supplier A	58,743	60.0
2	Supplier B	8,256	8.4
3	Supplier C	5,568	5.7
4	Supplier D	4,636	4.7
5	Supplier E	4,367	4.5
	Five largest suppliers combined	81,570	83.3
	All other suppliers	16,397	16.7
	Total Purchases	97,967	100.0

Year ended 31 March 2018

Rank		**Purchase**	**As % of Total Purchases**
		HK$'000	*%*
1	Supplier A	84,713	68.7
2	Supplier B	8,541	6.9
3	Supplier D	6,528	5.3
4	Supplier C	5,639	4.6
5	Supplier E	5,341	4.3
	Five largest suppliers combined	110,762	89.8
	All other suppliers	12,599	10.2
	Total Purchases	123,361	100.0

Year ended 31 March 2019

Rank		Purchase	As % of Total Purchases
		HK$'000	*%*
1	Supplier A	115,583	72.4
2	Supplier B	9,411	5.9
3	Supplier D	8,184	5.1
4	Supplier C	6,401	4.0
5	Supplier F	5,504	3.4
	Five largest suppliers combined	145,083	90.8
	All other suppliers	14,618	9.2
	Total Purchases	159,701	100.0

Nine months ended 31 December 2019

Rank		Purchase	As % of Total Purchases
		HK$'000 (unaudited)	*%*
1	Supplier A	87,332	67.1
2	Supplier B	8,375	6.4
3	Supplier G	7,687	5.9
4	Supplier D	5,929	4.6
5	Supplier F	4,717	3.6
	Five largest suppliers combined	114,040	87.6
	All other suppliers	16,157	12.4
	Total Purchases	130,197	100.0

The table below sets forth the background information of the Group's major suppliers mentioned in the above tables:

Supplier	Services provided to the Group	Principal business	Years of business relationship (approximately)	Payment terms
Supplier A	Supply of manpower	Personnel consultant and agency	Over 6 years	15 days
Supplier B	Supply of manpower	Manpower supply for cleaning services	Over 4 years	15 days
Supplier C	Supply of cleaning materials	Manufacturing, trading and consultancy	Over 9 years	30 days
Supplier D	Supply of manpower	Manpower supply for cleaning services	Over 4 years	15 days
Supplier E	Supply of manpower	Cleaning and environmental services	Over 5 years	15 days
Supplier F	Supply of manpower	Personnel consultant and agency	Over 6 years	15 days
Supplier G	Supply of manpower	Manpower supply for cleaning services	Over 1 year	15 days

The Directors consider that the Group is not reliant on any single supplier because:

(i) the Group maintains a list of approved suppliers, comprising active and reserved suppliers, which have passed its annual assessment on the raw materials, consumables and services supplied. The Group procures from a number of suppliers for certain materials and services and in the event that a supplier ceases to supply to the Group, the Group could select approved suppliers/sub-contractors from the list as replacement to prevent disruption to the supplies and ensure the quality thereof; and

(ii) the Directors consider that the supplies of the raw materials, consumables and services used in the Group's services are ample in the market with numerous suppliers, and that the Group could seek alternative suppliers as and when appropriate in the market without material limitation.

Although the Group had 1,990 workers as at the Latest Practicable Date, additional manpower may be required on ad-hoc basis for some projects. Hence, the Group may engage third party service providers from time to time to satisfy the additional equipment or staff needs for such projects in a timely manner. Manpower supplier charges accounted for approximately 21.0%, 25.5%, 31.5% and 32.8% of the total cost of services for each of the years/period during the Track Record Period, respectively. As at the Latest Practicable Date, the Group had 706 third party workers supplied by manpower suppliers.

Sub-contractors

During the Track Record Period, the Group engaged sub-contractors mainly for refuse removal services. As at the Latest Practicable Date, the Group had a fleet of five vehicles including trucks and hook-lift trucks which were deployed in the provision of waste disposal service. In performing waste disposal services, if the Group does not possess the necessary specialised vehicle (such as compactor truck) or the Group considers that it is more cost effective to deploy third party service providers, the Group may procure such services from third party service providers so as to fulfill the relevant requirements under the projects. During the Track Record Period, many of the service contracts with customers included waste disposal services and the Group provided such services at places including office and commercial centres, industrial buildings, residential premises and hotels. For each of the years/period during the Track Record Period, the percentage of sub-contracting charges from the Group's top five sub-contractors were approximately 88.7%, 91.2%, 92.0% and 93.5%, respectively. The percentage of sub-contracting charges attributable to the Group's largest subcontractors for each of the years/period during the Track Record Period amounted to approximately 51.6%, 53.0%, 46.9% and 52.3%, respectively. Set out below is a breakdown of the Group's total sub-contracting charges by major sub-contractors:

Year ended 31 March 2017

Rank		Sub-contracting charge incurred	As % of total sub-contracting charges
		HK$'000	*%*
1	Sub-contractor A	5,096	51.6
2	Sub-contractor B	2,271	23.0
3	Sub-contractor C	678	6.9
4	Sub-contractor D	355	3.6
5	Sub-contractor E	352	3.6
	Five largest sub-contractors combined	8,752	88.7
	All other sub-contractors	1,116	11.3
	Total sub-contracting charges	9,868	100.0

Year ended 31 March 2018

Rank		**Sub-contracting charge incurred**	**As % of total sub-contracting charges**
		HK$'000	*%*
1	Sub-contractor A	5,609	53.0
2	Sub-contractor B	2,198	20.7
3	Sub-contractor C	766	7.2
4	Sub-contractor E	742	7.0
5	Sub-contractor F	345	3.3
	Five largest sub-contractors combined	9,660	91.2
	All other sub-contractors	933	8.8
	Total sub-contracting charges	10,593	100.0

Year ended 31 March 2019

Rank		**Sub-contracting charge incurred**	**As % of total sub-contracting charges**
		HK$'000	*%*
1	Sub-contractor A	5,319	46.9
2	Sub-contractor B	3,103	27.4
3	Sub-contractor C	857	7.6
4	Sub-contractor E	856	7.5
5	Sub-contractor G	297	2.6
	Five largest sub-contractors combined	10,432	92.0
	All other sub-contractors	908	8.0
	Total sub-contracting charges	11,340	100.0

Nine months ended 31 December 2019

Rank		Sub-contracting charge incurred	As % of total sub-contracting charges
		HK$'000	*%*
1	Sub-contractor A	4,421	52.3
2	Sub-contractor B	1,845	21.8
3	Sub-contractor E	724	8.6
4	Sub-contractor C	678	8.0
5	Sub-contractor F	241	2.8
	Five largest sub-contractors combined	7,909	93.5
	All other sub-contractors	551	6.5
	Total sub-contracting charges	8,460	100.0

The table below sets forth the background information of the Group's major sub-contractors mentioned in the above table:

Sup-contractor	Services provided to the Group	Principal business	Years of business relationship (approximately)	Payment terms
Sub-contractor A	Refuse removal services	Refuse removal services	Over 12 years	60 days
Sub-contractor B	Refuse removal services	Refuse removal services	Over 11 years	90 days
Sub-contractor C	Refuse removal services	Refuse removal services	Over 5 years	90 days
Sub-contractor D	Refuse removal services	Refuse removal services	Over 4 years	90 days
Sub-contractor E	Refuse removal services	Refuse removal services	Over 4 years	60 days
Sub-contractor F	Supply of machinery	Supply of machinery	Over 3 years	90 days
Sub-contractor G	Refuse removal services	Refuse removal services	Over 4 years	60 days

LICENCES, PERMITS AND QUALIFICATIONS

Certifications and accreditations held by the Group

The Group's operation is governed by various internal control policies and an integrated management system (the "**IMS**") which follows international standards. The Group has been accredited with the following certifications:

Certifications/ accreditations	Year first obtained	Current version	Accreditation body	Earliest expiry date for current certificate
ISO 9001	2000 *(Note 1)*	ISO 9001:2015	SGS	6 December 2021
ISO 14001	2001 *(Note 2)*	ISO 14001:2015	SGS	6 December 2021
OSHAS 18001	2008 *(Note 3)*	OSHAS 18001:2007	SGS	12 March 2021

Note 1: The Group first obtained the ISO 9001 accreditation from TÜV NORD CERT GmbH in 2000.

Note 2: The Group first obtained the ISO 14001 accreditation from TÜV NORD CERT GmbH in 2001.

Note 3: The Group first obtained the OSHAS 18001 accreditation from Hong Kong Quality Assurance Agency in 2008.

The Directors are of the view that the continual success of the Group is mainly attributable to the quality of the services rendered by the experienced and dedicated management team of the Group. The Directors consider that the various certifications for the Group's IMS and the Group's established client base comprising reputable and sizeable corporations such as transport operators and airline catering operators demonstrate the Group's capability in providing high quality services.

Licences, permits and certificates held by the Group's employees

For the proper operation of the business of the Group and compliance with the applicable laws, rules and regulations as well as the requirements of service contracts, the Group may require employees to hold relevant licences, permits and certificates and therefore, as part of the Group's internal management, the Group pays close attention to the qualifications of the Group's employees and their validity from time to time.

The table below sets out a summary of the major licences and permits held by the Group's employees for carrying out certain types of works as at the Latest Practicable Date:

Type of licences and permits	**Issuing authority(ies)**	**Valid Period** *(Note 1)*	**Number of employees holding such qualifications** *(Note 2)*
3-Day Metal Scaffold Supervisor Safety Training Certificate	Hong Kong Human Resources Ltd	20 to 30 years	13
Construction Industry Safety Training Certificate	Hong Kong Human Resources Ltd/Hong Kong Safety Training Association (Origin Production Limited)	3 years	97
Construction Workers Registration Card	Construction Industry Council	Range from less than 1.5 years to above 3 years	33
Certificate for Operation of Suspended Working Platform	Construction Industry Council	4 to 5 years	3
Certificate of Competent Person and Certifies Worker	Occupational Safety & Health Management Institute Hong Kong Human Resources Ltd	3 years	1
Certificate of Certified Worker	Hong Kong Safety Training Association (Origin Production Limited)	3 years	1
Registration of Safety Officers	Labour Department	4 years	2
Registration of Safety Auditors	Labour Department	N/A	1

Note 1: Licences, permits and certificates held by the employees need to be renewed before expiry dates.

Note 2: The number of employees may overlap where he/she possesses more than one licence or permit.

The table below sets out certain material certifications held by the Group's employees as at the Latest Practicable Date:

Type of certifications	**Issuing authority(ies)**	**Number of employees holding such certifications** *(Note)*
Completion of Height Safety Training Course Certificate	Techflex International Ltd.	11
Occupational Safety and Health Ambassador Certificate	Occupational Safety & Health Council	5
Human Error Security Management Workshop Training Certificate	Occupational Safety & Health Council	2
Occupational Safety Management Training Certificate	Occupational Safety & Health Council	1
Management of Professional Pest Control Services Certificate	Hong Kong Quality Assurance Agency	3
Accident Investigation Training Certificate	Occupational Safety & Health Council	1
Hazard Identification Activity Training Cert	Occupational Safety & Health Council	1

Note: The number of employees may overlap where he/she possesses more than one certificate.

The Directors are of the view that there is no material difficulty in obtaining the aforesaid licences, permits and certificates, or engaging services providers with the relevant licences, permits and certificates. Furthermore, the Directors confirm that all relevant employees carrying out such work have possessed the requisite licences, permits and certificates, and no employee had encountered any material problems with the renewal of the relevant licences, permits and certificates during the Track Record Period and up to the Latest Practicable Date.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's revenue is mainly derived from Tender Contracts and there is no assurance that the existing contracts may be renewed upon expiry or new contracts may be awarded to the Group

The Group is required to submit new tenders upon expiry of the existing contracts or to bid for new contracts from time to time. In relation to the existing service contracts which are about to expire, the time frame for submitting new tenders for supplying the same services to the customer is generally three months prior to expiry of the service contract. There is no assurance that the Group will meet the mandatory tendering requirements and, in such case, the Group may not be granted the contract and therefore, the Group's business operations and financial results may be adversely affected.

Inability to recruit sufficient labour may materially affect the Group's operations and financial performance. Further, any increment in the statutory minimum wage may increase labour costs and therefore may adversely affect profitability

Business operations of the Group are labour-intensive and due to the locality of its customers, all of the Group's employees are employed in Hong Kong. Any shortage in the supply of workers in Hong Kong may adversely affect the Group's operations and financial performance. The Directors are of the view that there is no assurance that the statutory minimum wage rate will not be further revised upward in the future or that labour costs may not increase generally due to, for instance, the continued expansion of workforce. In addition, the prescribed minimum hourly wage rate under the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) is reviewed and adjusted periodically. If there are further increment in the statutory minimum wage in the future and the Group is unable to pass the increased staff costs to its customers, the Group's profit margins would be reduced.

The top five customers accounted for a major portion of the Group's revenue

The Group's top five customers accounted for approximately 67.2%, 64.3%, 62.1% and 61.3% of the Group's total revenue for each of the years/period during the Track Record Period, respectively. In particular, approximately 37.7%, 34.2%, 31.8% and 32.8% of the Group's total revenue were attributed to its largest customer for each of the years/period during the Track Record Period, respectively. The Group does not enter into long-term service contracts with any of its customers, which the Directors believe is in line with the market practice of the environmental hygiene services industry in Hong Kong. The Group's customers may terminate their business relationships with the Group upon expiry of the service contracts. Further, the Directors believe that the Group's customers, including its five largest customers, are not obligated in any way to invite the Group to participate in any tendering.

If any of the Group's key customers, including its five largest customers, substantially reduces the volume and/or value of services procured from the Group or terminates its business relationship with the Group, there is no assurance that the Group would be able to find substitute customers or to obtain comparable business to replace any such loss of revenue. If any of the above happens, the Group's business and financial performance may be materially and adversely affected.

The top five suppliers accounted for a substantial portion of the Group's Total Purchase

During the Track Record Period, suppliers of goods and services mainly included (i) service providers and sub-contractors mainly to provide refuse removal services; (ii) suppliers of manpower to perform general environmental hygiene and related services; (iii) suppliers of consumables and equipment used in the provision of environmental hygiene and related services and airline catering support services; and (iv) suppliers of other miscellaneous goods and services.

The Group's top five suppliers accounted for approximately 83.3%, 89.8%, 90.8% and 87.6% of the Group's Total Purchases for each of the years/period during the Track Record Period, respectively. If any of the top suppliers were to substantially reduce the amount of goods or services provided to the Group or to terminate the business relationship with the Group entirely, there can be no assurance that the Group would be able to identify new suppliers/sub-contractors in replacement in a timely manner or at all. In addition, the provision of goods and services from new suppliers/sub-contractors may not be available on commercially comparable terms. As such, the Group's operations and financial performance may be adversely affected.

The Group may not be able to sustain profit margin similar to that the Group achieved during the Track Record Period, or maintain its financial performance in the future

For each of the years/period during the Track Record Period, the Group recorded gross profit margin of approximately 14.4%, 15.1%, 14.8% and 14.7%, respectively. The Group may face ongoing competition, compounded with possible increases in labour costs. As such, the Group may not be able to maintain the gross profit margin and other financial results in the future at a similar level achieved during the Track Record Period.

The Group and its employees may fail to obtain or renew the requisite licences, permits or qualifications, or otherwise fail to satisfy their requirements from time to time, which may affect the Group's ability to obtain new projects and its financial position

As at the Latest Practicable Date, the Group and its employees had a variety of licences, permits and certificates as set out in the section headed "Licences, permits and qualifications" in this announcement. The Directors believe that some licences, permits and qualifications are granted, renewed and/or maintained upon satisfactory ongoing compliance with, amongst others, the applicable criteria set by the relevant licensing authorities. As some of these licences, permits and qualifications may only be valid for a limited period of time and may be subject to the relevant licensing authorities' periodic review and renewal, there is no assurance that these licences, permits and qualifications can be maintained, obtained and/or renewed from time to time. In the event that the Group and its employees are unable to renew or otherwise maintain their licences, permits and/or qualifications, the Group may not be able to obtain certain new projects, and thereby its operation and/or financial position would be materially and adversely affected.

Certain simple and repetitive works of the Group's airline catering support services may be replaced by automation or robots introduced by the airline catering operators, which may in turn materially and adversely affect the Group's business, financial condition and results of operations

During the Track Record Period, the Group provided airline catering support services to airline catering operators which the Group's staff are responsible for plating of meals, checking and tray-setting, inserting completed meal trays into meal carts and transporting the meal carts. The introduction of automation or robots may partly replace manpower to perform certain simple and repetitive works involved in the airline catering support services. If the introduction of automation or robots by the airline catering operators reduces our customers' demand for the Group's airline catering support services, the Group's business and financial performance may be materially and adversely affected.

The time lags between making payment to the Group's employees and receiving payments from its customers may adversely affect the Group's cash flow and financial position

In respect of the Group's business, there are often time lags between making payments to the Group's employees and receiving payments from its customers. The Group pays salaries to the full-time employees on a monthly basis and generally settles within 7 days after the end of each month while the Group generally pays part-time employees on a semi-monthly basis. On the other hand, the Group issues invoices to its customers typically on a monthly basis in respect of the services provided during the month. The credit period granted to the Group's customers in general ranges from 0 to 60 days. However, the customers may not make payment on time and in full. For each of the years/period during the Track Record Period, the Group's trade receivables turnover days were approximately 60.9 days, 65.5 days, 72.9 days and 78.2 days, respectively. The Directors are of the view that the Group did not experience any material time lags of cash flow by utilising the banking facilities available to the Group.

The Group is exposed to litigation claims including employees' compensation claims and common law personal injury claims and insurance coverage of the Group may not adequately protect it against certain risks

Due to the nature of the Group's business, the Group's employees may be vulnerable to injuries. For each of the years/period during the Track Record Period, the Group's accident rate per 1,000 employees was approximately 28.4, 21.9, 27.8 and 16.4, respectively. 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 with the Group are entitled to claim damages under the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) as well as under the common law. Furthermore, the Group may face claims from third parties from time to time, including those who suffer personal injuries at premises where the Group provides services.

As at the Latest Practicable Date, the relevant coverage of public liability insurance policies and employees' compensation insurance policies are HK$30 million in any one incident and HK$200 million per event, respectively. The insurance policies may not cover the Group against future events and if the Group has to pay additional compensation out of its own resources for any uninsured claims, its financial results may be materially and adversely affected. Furthermore, regardless of the insurance coverage or the merits of cases, the Group may need to spend resources and incur costs to handle these claims, and these claims may also affect the reputation of the Group in the environmental hygiene services industry and thereby adversely affecting its business operations, financial results and profitability.

The implementation of Municipal Solid Waste Charging Scheme may affect the Group's profitability and certain contracts

The Municipal Solid Waste Charging Scheme may be implemented by the end of 2020 at the earliest. The Directors are of the view that the proposed charging arrangement based on the weight of the disposed waste under the Municipal Solid Waste Charging Scheme will affect mainly the private waste collectors who transport the waste that they collected from their clients (i.e. waste producers) directly to refuse transfer stations or landfills. When disposing of the waste, these private waste collectors or their clients will be required to pay fees based on the weight of waste. During the Track Record Period, the Group's sub-contracting charges attributable to refuse removal services amounted to approximately HK$9.3 million, HK$9.8 million, HK$10.7 million and HK$7.8 million, representing approximately 2.3%, 2.3%, 2.3% and 2.2% of the Group's total cost of services for each of the year/period during the Track Record Period. According to the Frost & Sullivan report, it is common for environmental hygiene service providers to pass the cost created by the charging to their customers, such as property management companies. There is no assurance that the customers of the Group will bear the waste surcharge and therefore the Group may need to incur extra costs charged to the Group by its sub-contractors for refuse removal services to comply with the policy. Also, some of the current contracts of the Group, including contracts with the top five customers, may be subject to conditional termination upon the implementation of the policy. The Group may need to submit a tender for such contracts again and there is no assurance that the Group will secure the contract.

An occurrence of a natural disaster, widespread health epidemic or other outbreaks could have a material adverse impact on the Group's business, financial condition and results of operations

The occurrence of a natural disaster or a prolonged outbreak of an epidemic illness or other adverse public health developments in Hong Kong could materially disrupt the Group business and operations. For example, the recent outbreak of COVID-19 could significantly affect the Group's business by causing (i) temporary suspension and/or cancellation of environmental hygiene and related services and airline catering support services as requested by the Group's customers; and (ii) shortage of goods and services from the Group's suppliers and sub-contractors, and there is no assurance that it will not cause any severe disruption to the Group's operations and have a material adverse impact on the Group's business, financial condition and results of operations. The Group's operations could also be disrupted if any of its employees suspected of being infected by COVID-19, since this may require the Group to quarantine some or all of these employees and disinfect the Group's offices or relevant works sites. The occurrence of natural disaster, widespread health epidemic or other outbreaks may disrupt the Group's business operations. As a result, the Group's cash flow and the financial results may be adversely affected.

The Group is exposed to credit risks which may adversely affect its financial position, profitability and cash flow

The credit period granted to the Group's customers in general ranges from 0 to 60 days. There may be a risk of delay in payment by the Group's customers from their respective credit period, which in turn may result in an impairment loss provision. For each of the years/period during the Track Record Period, the Group's trade receivables turnover days were approximately 60.9 days, 65.5 days, 72.9 days and 78.2 days, respectively. There is no assurance that the Group will be able to fully recover the trade receivables from its customers or that they will settle the trade receivables in a timely manner. In the event that the settlements from the customers are not made in full or not on time, the financial position, profitability and cash flow of the Group may be adversely affected.

The Group recorded negative operating cash flow for the year ended 31 March 2018 which may adversely affect its financial flexibility and liquidity

The Group recorded net cash used in operating activities of approximately HK$4.4 million for the year ended 31 March 2018 primarily as a result of (i) positive operating profit before working capital changes of approximately HK$31.6 million, (ii) increase in trade receivables of approximately HK$18.1 million; (iii) decrease in accruals, deposits and other payables of approximately HK$12.1 million; and (iv) increase in prepayments, deposits and other receivables of approximately HK$3.2 million. There is no assurance that the Group will not record negative operating cash flow in the future. In the event that the Group is unable to generate sufficient cash flow for its operations or otherwise unable to obtain sufficient funds to finance its business, the Group's liquidity and financial condition may be materially and adversely affected. There is no assurance that the Group will have sufficient cash from other sources to fund its operations. If the Group resorts to other financing activities to generate additional cash, the Group will incur additional financing costs, and the Group cannot guarantee that it will be able to obtain the financing on terms acceptable to it, or at all at the relevant time, which in turn may adversely affect the Group's business and financial positions.

LITIGATION AND LEGAL COMPLIANCE

Material ongoing litigation against the Group as at the Latest Practicable Date

Type of claim	Particulars of claims	Amount claimed	Status	Covered by insurance
Personal injuries claims by independent third parties				
DCPI 1878/2018 — Personal injuries action, claim by independent third party	The plaintiff slipped and fell on a pool of water on the marble floor caused by water dripping from the ceiling	To be assessed	Ongoing — The Group's insurer appointed loss adjusters to conduct investigation into the case and asked for withholding the proceedings	Yes *(Maximum exposure of the Group: HK$30,000)*
DCPI 2013/2019 — Personal injuries action, claim by independent third party	The plaintiff stepped on wet and slippery substance on the floor of toilet causing her to lose balance and fall forward on the ground and injuries to her	To be assessed	Ongoing — The amended writ of summons re-filed at the court on 6 December 2019, joining Winson Cleaning as the 4th defendant in the action	Yes *(Maximum exposure of the Group: HK$30,000)*
Employees' compensation claims and personal injuries claims by employees				
DCPI 2482/2018 — Personal injuries action, claim by employee	The plaintiff being in the course of employment sustained back and neck injuries	To be assessed	Ongoing — The writ of summons issued and the Group's insurer is assessing the liability and quantum	Yes *(Maximum exposure of the Group: HK$30,000)*

Type of claim	Particulars of claims	Amount claimed	Status	Covered by insurance
DCPI 2507/2018 — Personal injuries action, claim by employee	While the plaintiff was performing cleaning duties on the escalator, one of her shoes was stuck in the skirt deflector brushes of the escalator. As a result, the plaintiff lost balance and fell forward, causing her chest to hit against the handrail of the escalator	HK$1,091,469.82	Ongoing — The writ of summons issued. *(The Group's sub-contractor, the 1st defendant herein, has admitted liability in full and agreed to take up all responsibilities for compensation in relation to the case)*	Yes *(Maximum exposure of the Group: HK$30,000)*
DCPI 3408/2019 — Personal injuries action, claim by employee	The plaintiff being in the course of employment encountered a fall accident. As a result, the plaintiff sustained, *inter alia*, swelling of left knee and sprained left knee ligament	To be assessed	Ongoing — The writ of summons issued and the Group's insurer is assessing the liability and quantum	Yes *(Maximum exposure of the Group: HK$30,000)*
DCPI 2208/2016 — Personal injuries action, claim by employee	The plaintiff, being in the course of employment, slipped and fell on a slippery floor. As a result, she sustained personal injuries to her back, right hip and right leg	Statement of claim and statement of damages not filed at the court	Ongoing — acknowledgment of service was filed on 6 November 2017 pending further pleading documents from the plaintiff	Yes *(Maximum exposure of the Group: HK$30,000)*
DCPI 2563/2019 (pre-action discovery: DCMP 1842/2019) — Personal injuries action, claim by employee	The plaintiff being in the course of employment slipped and fell down onto the floor, the plaintiff then sustained injuries to her right wrist	HK$1,465,110.00	Ongoing — the plaintiff filed a statement of damages on 20 January 2020	Yes *(Maximum exposure of the Group: HK$30,000)*

Type of claim	Particulars of claims	Amount claimed	Status	Covered by insurance
DCEC 69/2020 — Employees' compensation action, claim by employee	The applicant, while in the course of employment, was injured by the door of a vehicle, thereby suffered from head and pinna injury	To be assessed by the court	Ongoing — the applicant filed the application at the court on 13 January 2020	Yes *(Maximum exposure of the Group: HK$30,000)*
DCEC 205/2020 — Employees' compensation action, claim by employee	The applicant, while in the course of employment, was hit by a trolley and/or the door, thereby sustained injuries to her upper limbs	To be assessed by the court	Ongoing — the applicant filed the application at the court on 13 February 2020	Yes *(Maximum exposure of the Group: HK$12,000)*
DCEC 738/2020 — Employees' compensation action, claim by employee	The applicant, while in the course of employment, slipped and fell on the floor, thereby sustained injuries to her left ankle	To be assessed by the court	Ongoing — the applicant filed the application at the court on 13 May 2020	Yes *(Maximum exposure of the Group: HK$10,000)*
DCEC 1924/2019 — Employees' compensation action, claim by employee	The applicant, while in the course of employment, collides his back with the outer-shell of the cleaning machine, thereby sustained injuries to his back	To be assessed by the court	Ongoing — the applicant files the application at the court on 13 August 2019	Yes *(Maximum exposure of the Group: HK$12,000)*

Litigation against the Group that has been settled and struck out since the Listing and up to the Latest Practicable Date

	Case number	Particulars of claims	Settlement Sum *(Note)* *(approximate HK$)*	Covered by insurance	Amount borne by the Group *(approximate HK$)*
Personal injuries cases (claims by independent third party)					
1.	HCPI 665/2015	While the plaintiff was walking along the corridor and about to make a left turn to the male toilet, he slipped and fell on the wet and slippery puddle of water on the floor flowing from the disabled toilet. As a result, he suffered wrists, back and neck injuries with persistent vertigo and dizziness	50,000.00	Yes *(Maximum exposure of the Group: HK$500,000.00 or 50% of the plaintiff's claim, interest and cost in both the personal injury case and the employee's compensation case, whichever is lower)*	120,750.00 *(for settling the plaintiff's claim, legal costs and disbursements)*
2.	DCPI 2798/2015	The plaintiff sustained injuries to both of his hands and his head at the market after he slipped and fell due to wet and slippery ground	N/A *(The case was struck out by the court)*	Yes	N/A
3.	DCPI 97/2016	The plaintiff was walking on a wet and slippery floor at the market, and suddenly slipped and fell on the floor. As a result, she sustained injuries to her right shoulder and chest	700,000.00	Yes	30,000.00
4.	HCPI 1074/2016	The plaintiff sustained injuries at the staircase at the market after she slipped and fell due to the wet and slippery floor	400,000.00	Yes	30,000.00
5.	DCPI 340/2018	The plaintiff, while walking in the lobby, slipped upon some wet, moist, slippery and soapy substance on the floor and fell, thereby sustained body injuries	290,000.00	Yes	30,000.00
6.	DCPI 1688/2019	The plaintiff slipped upon water or some slippery substance, then lost her footing and fell onto the floor of the female toilet, thereby sustained body injuries	180,000.00 *(inclusive of interest and costs)*	Yes	35,000.00
7.	DCPI 3122/2019	The plaintiff slipped and fell in the common corridor causing injuries to the plaintiff	175,000.00 *(all inclusive)*	Yes	30,000.00

	Case number	Particulars of claims	**Settlement Sum** *(Note)* *(approximate HK$)*	**Covered by insurance**	**Amount borne by the Group** *(approximate HK$)*
Personal injuries cases (claims by employees)					
1.	DCPI 2196/2017	The plaintiff, being in the course of employment, was hit by a pallet jack being operated by an employee of another company	400,000.00	Yes	30,000.00
2.	HCPI 1051/2016	The plaintiff being in the course of employment slipped and fell on a wet and slippery ground. As a result, she sustained serious injuries on her left wrist and/or hand and developed psychological/ psychiatric problems	964,512.00	Yes	30,000.00
3.	DCPI 729/2017	The plaintiff during her course of employment slipped on the wet and oily floor and fell down a flight of stairs on her way to the toilet. As a result, she sustained injures to her back	422,997.26	Yes	30,000.00
4.	DCPI 1379/2018	The plaintiff was setting meals in the course of employment and fell down due to the wet and slippery floor. As a result she suffered a fractured right wrist injury.	420,000.00	Yes	40,000.00
5.	DCPI 190/2019	The plaintiff being in the course of employment sustained injuries on 1 January 2018	150,000.00	Yes	12,000.00
6.	HCPI 850/2015	The plaintiff was walking to the lift on the ground floor, as she approached the lift, she stepped on a patch of liquid on the floor of the lift lobby. She fell and suffered injuries to her head, neck, back, left elbow, both knees, and left hip	0 *(no extra compensation was awarded due to set off by previous employees' compensation)*	Yes	30,000.00 *(for settling legal costs and disbursements)*
Employees' compensation cases					
1.	DCEC 860/2015	The applicant being in the course of employment sustained head injury after being hit by a vehicle	654,960.00	Yes	40,000.00
2.	DCEC 2555/2017	The applicant being in the course of employment sustained back and neck injuries	328,267.37	Yes	40,000.00
3.	DCEC 1938/2017	The applicant being in the course of employment lost grip of the drain cover while lifting up the same, which dropped onto her foot, the applicant then sustained right big toe fracture, swelling and pain and numbness	180,000.00	Yes	20,000.00
4.	DCEC 2183/2017	The applicant being in the course of employment slipped and fell on the wet floor. As a result, she suffered injury to the right hand, head and the back	195,497.81	Yes	20,000.00
5.	DCEC 1058/2018	The applicant's right hand was pinched by the glass doors when she was in the course of employment, she sustained right middle finger distal phalanx fracture	100,000.00	Yes	12,000.00

	Case number	Particulars of claims	Settlement Sum *(Note)* *(approximate HK$)*	Covered by insurance	Amount borne by the Group *(approximate HK$)*
6.	DCEC 2158/2018	The applicant being in the course of employment slipped on the floor and was accidentally splashed with chemical cleaner, the applicant then sustained injuries to her right elbow and/or shoulder and both eyes	299,600.00	Yes	12,000.00
7.	DCEC 1899/2018	The applicant being in the course of employment had an accident where her right arm and elbow were hit by a wooden door	80,000.00	Yes	12,000.00
8.	DCEC 498/2019	The applicant being in the course of employment bumped her head with part of the water pipe, the applicant accordingly sustained bodily injuries	100,000.00	Yes	12,000.00
9.	DCEC 485/2018	The applicant being in the course of employment encountered a fall accident. As a result, the plaintiff sustained, *inter alia*, swelling of left knee and sprained left knee ligament	100,000.00	Yes	20,000.00
10.	DCEC 1574/2018	The applicant being in the course of employment slipped and fell down onto the floor, the plaintiff then sustained serious injuries to his head and back	121,000.00	Yes	12,000.00
Court summonses					
1.	WKS 990/2017 WKS 991/2017 WKS 992/2017 WKS 993/2017 WKS 994/2017 WKS 995/2017 *(in relation to the same employee)*	The Company failed to pay holiday pay to the employee who had been employed by the Company under a continuous contract for a period of 3 months immediately preceding the respective statutory holidays, contrary to sections 40, 63(4)(b)(ii) and 63(7) of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong)	9,000.00	N/A	9,000.00
2.	WKS 996/2017 WKS 997/2017 WKS 998/2017 WKS 999/2017 WKS 1000/2017 WKS 1001/2017 WKS 1002/2017 *(in relation to the same employee)*	The Company failed to pay holiday pay to the employee who had been employed by the Company under a continuous contract for a period of 3 months immediately preceding the respective statutory holidays, contrary to sections 40, 63(4)(b)(ii) and 63(7) of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong)	10,500.00	N/A	10,500.00

Note: Unless otherwise specified, the settlement sum refers to the sum for full and final settlement of the Plaintiff/Applicant's claim (excluding legal costs and disbursements).

Potential litigations in relation to employees' compensation claims and common law personal injury claims against the Group as at the Latest Practicable Date

Potential employees' compensation claims

Pursuant to section 14(1) of the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the "**ECO**"), injured employees may commence their claims under the ECO within the limitation period of two years from the date of the relevant incidents.

As at the Latest Practicable Date, the Group recorded 83 incidents which time limits for filing the employees' compensation claims have not yet passed. The Directors estimate that the potential maximum exposure of the Group in relation to these 83 incidents is approximately HK$1.3 million.

Potential personal injury claims

For some of the potential claims, even if the relevant employees' compensation had been settled under the Group's employees' compensation insurance, the injured employees may still pursue personal injury claims against the Group under common law.

Pursuant to section 27(4) of the Limitation Ordinance (Chapter 347 of the Laws of Hong Kong), injured employees may commence their common law personal injury claims within the limitation period of three years from the date of the relevant incidents.

As at the Latest Practicable Date, there were 145 employees' compensation cases which have been or will be settled by the Group's employees' compensation insurance but as the limitation period for personal injury claims have not lapsed, it is still possible for the subject injured employees to commence common law personal injury actions against the Group. The Directors estimate that the potential maximum exposure of the Group in relation to these 145 potential personal injury cases is approximately HK$4.3 million.

The Directors confirm that the Group (a) has duly complied with the laws and regulations in all material aspects for its business; and (b) has not been subject to any disciplinary action or investigation by regulators in respect of serious or potentially serious breach of any GEM Listing Rules during the Track Record Period and up to the date of this announcement.

Property

Unit Nos. 1, 2, 3, 5, 6, 7 and 8 on the 10th Floor of One Midtown, No 11 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong (the "**Property**") had been used by the Group as head office in the period from December 2012 to December 2017. The permitted use of the Property is (a) for industrial purpose; (b) as workshops for non-domestic use; and (c) for use as prescribed by the occupation permit. The Group had submitted applications to the relevant governmental departments for a lifetime waiver to release user restriction of the Property from industrial to office for headquarters or back-office operations. The Planning Department and the Fire Services Department issued no objection confirmations to the approval of the Buildings Department and approved the relevant applications respectively. On 22 June 2016, the Group was informed by the District Lands Office and Tsuen Wan and Kwai Tsing Lands Department that in order to obtain the waiver, the Group will be required to acquire relative parking spaces in compliance with the relevant regulations. Since the Directors consider that the resources required and the difficulty in meeting the requirements are too high, the Company had withdrawn the waiver application on 4 July 2018. The Group's head office has also been moved on 27 December 2017 to the current address of Suite 2702, 27/F, Tower 2, Nina Tower, 8 Yeung Uk Road, Tsuen Wan, New Territories, Hong Kong, details of which are set out in the announcement of the Company dated 27 December 2017. The Directors confirmed that, since the relocation of the Group's head office, the Property is vacant and no longer used as an office. As such, the overall activities of the Group at the Property comply with the relevant requirements and conditions under the government lease, the deed of mutual covenant and the occupation permit.

The Group has fully complied with all material laws and regulations for its business operations during the Track Record Period and up to the Latest Practicable Date.

COMPLIANCE WITH THE GEM LISTING RULES

To the best knowledge of the Directors, there has not been any disciplinary action or investigation by the Stock Exchange against the Company in respect of serious or potentially serious breach of any GEM Listing Rules since its Listing and up to the Latest Practicable Date.

REGULATORY AND INDUSTRY DEVELOPMENTS

Compliance with laws and regulations

The Group is subject to various laws and regulations including the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**"), Business Registration Ordinance (Chapter 310), Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong), Competition Ordinance (Chapter 619 of the Laws of

Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), Factories and Industrial Undertakings (Suspended Working Platforms) Regulation (Chapter 59AC of the Laws of Hong Kong), Factories and Industrial Undertakings (Confined Spaces) Regulations (Chapter 59AE of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Pesticides Ordinance (Chapter 133 of the Laws of Hong Kong), Dangerous Goods Ordinance (Chapter 295), Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong), Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) and Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). Our Group has put in place internal controls to ensure compliance of the same. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units in the Group from time to time.

To the best knowledge of the Directors, there had been no material changes to the market condition of the environmental hygiene services industry and the airline catering support services industry and there had been no material regulatory updates which would have material adverse impact on the business operation or prospect of the Group since its Listing.

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

Set out below are the biographical information of each Director and senior management:

Executive Directors

Madam Ng Sing Mui (吳醒梅), aged 59, a co-founder of the Group, has been appointed as a Director since 31 May 2016. Madam Ng was re-designated as an executive Director on 21 February 2017 and is currently acting as the chairperson of the Company. Madam Ng is primarily responsible for the strategic planning, operation planning and overall management of the Group. Madam Ng is the mother of Ms. Sze Tan Nei and Mr. Sze Wai Lun. She is also the chairperson of the nomination committee of the Company and a director of Winson Cleaning, Winson Pest Control, Wealthy Strong and Winson Group Hong Kong Limited, a wholly-owned subsidiary of the Company.

Madam Ng has more than 30 years of experience in the environmental hygiene services industry in Hong Kong. Building the business from the ground up since December 1983, Madam Ng has held a leadership role in the overall management and business development of the Group.

Madam Ng has been a certified associate fellow of the Institute of Managers and Leaders Australia and New Zealand (formerly known as Australian Institute of Management) since September 1995 and has become a fellow member since June 2019. She was also awarded a Training Certificate on Fire Prevention (Commercial Sector) issued by the Occupational Safety & Health Council in August 2001.

Madam Ng was previously a director of the companies shown in the table below which were dissolved by deregistration pursuant to section 291AA of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as in force before 3 March 2014 (the "**Predecessor Companies Ordinance**") due to cessation of business:

Company	**Place of incorporation**	**Date of incorporation**	**Date of dissolution**
Clifford International Holdings Limited 鴻福國際集團有限公司	Hong Kong	26 July 2004	1 February 2008
Winson (Wayland) Group Limited 永順(偉倫)集團有限公司	Hong Kong	22 July 1993	12 September 2008
Winson Stone Care Limited 威信雲石護理有限公司	Hong Kong	4 April 2001	1 August 2008
Winson Environmental Services Limited 威信環保服務有限公司	Hong Kong	27 June 2001	7 September 2007

Madam Ng confirmed that the above deregistration were voluntary by way of submitting an application to the Companies Registry of Hong Kong and all of the above companies were solvent at the time of dissolution. Madam Ng also confirmed that there was no wrongful act on her part leading to the above dissolutions of the companies and she is not aware of any actual or potential claim that has been or will be made against her as a result of the dissolutions of these companies.

The Company has renewed the service contract with Madam Ng for a term of three years commencing on 16 March 2020 unless terminated by not less than three months prior written notice served by either party on the other or otherwise in accordance with the terms of the service contract. She is subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to the Articles. Pursuant to the foregoing service contract, Madam Ng is entitled to basic salary of HK$3,611,790 per annum with an annual bonus equals to one month's basic salary as an employee of the Company and a discretionary bonus which will be determined in commensuration with her work performance, duties and responsibilities as well as the prevailing market conditions and the recommendation of the remuneration committee of the Company.

As at the date of this announcement, Madam Ng is deemed to be interested in 432,000,000 Shares held through her 100% equity interest in Sze's Holdings, which is wholly-owned by Rich Cheer as the trustee of the Sze Family Trust (representing 72% of the issued share capital of the Company) under the SFO. Madam Ng is the settlor of the Sze Family Trust and the sole director of Sze's Holdings. Madam Ng is also the sole director and sole shareholder of Rich Cheer.

Ms. Sze Tan Nei (施丹妮) ("**Ms. Sze**"), aged 39, joined the Group in February 2007 and was appointed as a Director on 20 June 2016. Ms. Sze was re-designated as an executive Director on 21 February 2017. She is primarily responsible for strategic planning, operation planning and compliance control of the Group's business operation. Ms. Sze is the daughter of Madam Ng and the sister of Mr. Sze Wai Lun. Ms. Sze is also the compliance officer of the Company, a member of the remuneration committee of the Company and a director of Winson Cleaning, Winson Pest Control and Wealthy Strong.

Ms. Sze graduated from Queensland University of Technology, Australia, with a Bachelor of Business (Management) in October 2004. She completed the Pest Control and Pesticide Safety for Industrial Undertakings course organised by The Hong Kong Polytechnic University in 2008. Ms. Sze was certified as a Quality Management Systems Auditor by the International Register of Certificated Auditors, by completing the Lead Auditor Training Course (in accordance to international standards ISO 9001:2008 & ISO 19011:2002) co-organised by the Hong Kong Quality Assurance Agency and International Management Systems Associates Limited in October 2009. She has also completed the Environmental Management Systems Auditor/Lead Auditor Training Course for ISO 14001:2004 & ISO 19011:2002 in January 2010, and the Occupational Health & Safety Management Systems Auditor/Lead Auditor Training Course for BS OHSAS 18001:2007 & ISO 19011:2002 in April 2011. In July 2017, she has completed the Intensive ISO 9001:2015 QMS and ISO 14001:2015 EMS Internal Auditor Training organised by SGS Hong Kong Limited. Ms. Sze has also awarded a Certificate of Achievement for ISO 45001:2018 Occupational Health and Safety Management Systems Auditor/Lead Auditor Training Course issued by SGS United Kingdom Ltd. in September 2019.

Prior to joining the Group, Ms. Sze was employed as property management assistant in April 2005 by Jones Lang LaSalle Management Services Ltd, being a company engaging in the provision of services specialising in real estates. She was subsequently promoted to the position of assistant management surveyor in March 2006 and remained in that position until she left such company in August 2006. In August 2006, she was employed as a marketing assistant in the communications department of Hongkong Land Group Limited, being a company engaging in property investment, management and development until February 2007.

The Company has renewed the service contract with Ms. Sze for a term of three years commencing on 16 March 2020 unless terminated by not less than three months prior written notice served by either party on the other or otherwise in accordance with the terms of the service contract. She is subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to the Articles. Pursuant to the foregoing service contract, Ms. Sze is entitled to basic salary of HK$2,893,401 per annum with an annual bonus equals to one month's basic salary as an employee of the Company and a discretionary bonus which will be determined in commensuration with her work performance, duties and responsibilities as well as the prevailing market conditions and the recommendation of the remuneration committee of the Company.

As at the date of this announcement, Ms. Sze is one of the beneficiaries of the Sze Family Trust and therefore she is deemed or taken to be interested in all the 432,000,000 Shares beneficially owned by Sze's Holdings under the SFO.

Mr. Ang Ming Wah (洪明華) ("**Mr. Ang**"), aged 64, joined the Group in March 2007 and was appointed as a Director on 20 June 2016. Mr. Ang was re-designated as an executive Director on 21 February 2017. He is primarily responsible for the business development and planning, control and management of the Group's business operation.

Mr. Ang graduated from the University of Waterloo, Canada, with a Bachelor of Mathematics in October 1978, and Bachelor of Arts in October 1979. He also completed an executive program organised by the Business School of the University of Michigan in 1997. Mr. Ang was admitted as an associate member of the Hong Kong Management Association in 1986 and was appointed as an "Occupational Safety and Health Ambassador" by the Occupational Safety & Health Council in 2008.

Mr. Ang has over 30 years of experience in the environmental hygiene services industry in Hong Kong. Before joining the Group, Mr. Ang was employed by Reliance Services Company Limited (currently known as ISS Facility Services Limited), being a company engaging in the provision of environmental hygiene related services, as operations manager in May 1986. He was subsequently promoted to senior operations manager in October 1988. Mr. Ang left in February 2000 and his last position held was director in operation department. Mr. Ang subsequently joined Best Result Cleaning Services Ltd. (currently known as Best Result Environmental Services Limited), being a company engaging in the provision of cleaning services, as general manager in July 2000 and was appointed as director and general manager in 2004. He held that position until he left in September 2006.

In November 2010, Mr. Ang initiated an individual voluntary arrangement at the High Court of Hong Kong in respect of outstanding liabilities in the aggregate amount of approximately HK$1.2 million. The reasons for the entering of the individual voluntary arrangement were due to overspending for his family and his losses in the stock market between 2005 and 2008. The individual voluntary arrangement, which was considered and approved by the creditors, resulted in the settlement of such liabilities through the payment of an aggregate amount of approximately HK$1.5 million. Mr. Ang financed the repayment under the individual voluntary arrangement through his own financial means and income. Upon the final settlement of the last payment of the individual voluntary arrangement, the said individual voluntary arrangement has been fully implemented in May 2015.

As confirmed by Mr. Ang Ming Wah, the abovementioned individual voluntary arrangement was filed not owing to any fraud, breach of duty or other misconduct involving dishonesty on his part. As Mr. Ang had used his best endeavor to fulfill his monetary obligations of repayment of debts owed to those various creditors and had worked his way through and now is part of the management team of the Company, according to the legal counsel engaged by the Company, strictly speaking the entering of the individual voluntary arrangement is not integrity related and that such entering of the individual voluntary arrangement is unlikely to affect the integrity of Mr. Ang nor would such entering of the individual voluntary arrangement cast doubt on Mr. Ang's suitability of being a director of a listed issuer.

Having considered that (i) such individual voluntary arrangement was not a result of any fraud, breach of duty or other misconduct involving dishonesty on Mr. Ang's part; (ii) the legal counsel is of the opinion that the entering of the individual voluntary arrangement is unlikely to affect the integrity of Mr. Ang nor his suitability of being an executive Director; (iii) Mr. Ang's experience in the environmental hygiene services industry; (iv) his significant contribution to the development and growth of the Group; and (v) his solid relationship with the Group's customers and suppliers, the Directors consider that Mr. Ang has the character, experience and integrity and is able to demonstrate a standard of competence commensurate with his position as an executive Director pursuant to Rules 3.08 and 3.09 of the Main Board Listing Rules.

The Company has renewed the service contract with Mr. Ang for a term of three years commencing on 16 March 2020 unless terminated by not less than three months prior written notice served by either party on the other or otherwise in accordance with the terms of the service contract. He is subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to the Articles. Pursuant to the foregoing service contract, Mr. Ang is entitled to basic salary of HK$1,491,021 per annum with an annual bonus equals to one month's basic salary as an employee of the

Company and a discretionary bonus which will be determined in commensuration with his work performance, duties and responsibilities as well as the prevailing market conditions and the recommendation of the remuneration committee of the Company.

As at the date of this announcement, Mr. Ang is interested in 64,000 Shares which may be allotted and issued to him upon full exercise of all options granted under the Pre-IPO Share Option Scheme to subscribe for 64,000 Shares.

Mr. Sze Wai Lun (施偉倫) ("**Mr. Sze**"), aged 37, joined the Group in September 2007 and was appointed as a Director on 20 June 2016. Mr. Sze was re-designated as an executive Director on 21 February 2017. He is primarily responsible for the overall management of IT development of the Group. Mr. Sze is the son of Madam Ng and brother of Ms. Sze. Mr. Sze graduated from Griffith University, Australia, with a Bachelor of Commerce in December 2006, and a Diploma of Commerce from Queensland Institute of Business and Technology (currently known as Griffith College), Australia, in February 2003. He has also obtained a Diploma in SME Company Operation & Management from Hong Kong Productivity Council in September 2014, a Certificate of Data Centre Operation and Maintenance Engineers Course from Hong Kong Productivity Council in February 2015 and a Certificate of CGEIT (Certified in the Governance of Enterprise IT) from Hong Kong Productivity Council in May 2015.

Prior to joining the Group, Mr. Sze was employed by Citicorp International Limited, being a company that provides banking and financial services as a securities operation professional in the securities operations department of the operations and technology group in April 2007. He held that position until he left such company in August 2007.

The Company has renewed the service contract with Mr. Sze for a term of three years commencing on 16 March 2020 unless terminated by not less than three months prior written notice served by either party on the other or otherwise in accordance with the terms of the service contract. He is subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to the Articles. Pursuant to the foregoing service contract, Mr. Sze is entitled to basic salary of HK$1,083,537 per annum with an annual bonus equals to one month's basic salary as an employee of the Company and a discretionary bonus which will be determined in commensuration with his work performance, duties and responsibilities as well as the prevailing market conditions and the recommendation of the remuneration committee of the Company.

As at the date of this announcement, Mr. Sze is one of the beneficiaries of the Sze Family Trust and therefore he is deemed and taken to be interested in all the 432,000,000 Shares beneficially owned by Sze's Holdings under the SFO.

Independent non-executive Directors

Mr. Yuen Ching Bor Stephen (袁靖波) ("**Mr. Yuen**"), M.H., aged 72, was appointed as an independent non-executive Director on 21 February 2017, and is responsible for providing independent judgment on the Group's strategy, performance, resources and standard of conduct. He is the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company.

Mr. Yuen graduated with a Master of Science in Interdisciplinary Design and Management from The University of Hong Kong in November 2013. He is an Eminent fellow member of the Royal Institution of Chartered Surveyors, fellow member of Chartered Institute of Housing, fellow member of the HK Institute of Housing and a member of the Chartered Institute of Arbitrators. He has more than 30 years of real estate experience from both public and private sectors.

Mr. Yuen had served as ex-chairman of the Industry Training Advisory Committee (property management) of the Education Bureau, past chairman of the Real Estate Service Training Board, ex-committee member of the Employee Retraining Board, ex-member of the Land and Building Advisory Committee, past chairman of the Chartered Institute of Housing (HK branch), past president of the HK Association of Property Management Companies and past president of the HK Institute of Real Estate Administrators. Mr. Yuen has retired from the office of executive director of a real estate investment fund and has been re-designated to its non-executive chairman since June 2017. Mr. Yuen served as non-executive director and chairman of the board of Affluent Partners Holdings Limited (whose shares are listed on the Main Board, stock code: 1466) from February 2018 to October 2019. He has also served as an independent non-executive director of Real Nutriceutical Group Limited (whose shares are listed on the Main Board, stock code: 2010) since 3 January 2019 and an independent non-executive director of Li Bao Ge Group Limited (whose shares are listed on the Main Board, stock code: 1869) since 7 January 2020. The Directors consider that Mr. Yuen's leadership, knowledge, experience and professional network are invaluable and are much appreciated by the Group.

Mr. Yuen was previously a director of the companies shown in the table below which were dissolved by deregistration due to cessation of business:

Company	**Place of incorporation**	**Date of incorporation**	**Date of dissolution**
Bunny Company Limited 繽麗有限公司 *(Note 1)*	Hong Kong	11 March 1983	9 May 2003
Properis Capital Partners Company Limited 睿盛資本有限公司 *(Note 2)*	Hong Kong	21 February 2017	30 August 2019
China Horizon Development Limited 華浩發展有限公司 *(Note 2)*	Hong Kong	23 August 2007	13 September 2019

Notes:

1. The company was dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance.

2. The company was dissolved by deregistration pursuant to section 751 of the Companies Ordinance.

In addition, Mr. Yuen was previously a director of the companies shown in the table below which were dissolved by striking off pursuant to section 291 of the Predecessor Companies Ordinance due to cessation of business:

Company	**Place of incorporation**	**Date of incorporation**	**Date of dissolution**
Lung Pang International Limited 龍鵬國際有限公司	Hong Kong	21 July 1987	14 March 2003
Hong Kong Professionals Advancement Association Limited 香港專業促進會有限公司	Hong Kong	5 January 2006	9 February 2018

Further, Mr. Yuen was previously a director of the companies shown in the table below which were dissolved by members' voluntary winding up due to cessation of business:

Company	Place of incorporation	Date of incorporation	Date of dissolution
Elegant Investment Development Limited 高雅投資發展有限公司	Hong Kong	22 June 2006	27 August 2014
O & P Limited	Hong Kong	11 May 2007	22 July 2014

Mr. Yuen confirmed that there was no wrongful act on his part leading to the above dissolutions of the companies and he is not aware of any actual or potential claim has been or will be made against him as a result of the dissolutions of these companies.

The Company has renewed the letter of appointment with Mr. Yuen for a term of two years commencing on 16 March 2020 unless terminated by not less than three months prior written notice served by either party on the other or otherwise in accordance with the terms of the letter of appointment. He is subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to the Articles. He is entitled to a director's fee of HK$240,000 per annum, which is determined with reference to his working experience, background, duties and responsibilities with the Group and the prevailing market conditions.

Mr. Chung Koon Yan (鍾琯因) ("**Mr. Chung**"), aged 56, was appointed as an independent non-executive Director on 21 February 2017 and is responsible for providing independent judgment on the Group's strategy, performance, resources and standard of conduct. He is the chairman of the audit committee and a member of the remuneration committee of the Company.

Mr. Chung graduated with a Master of Professional Accounting from The Hong Kong Polytechnic University, Hong Kong in November 2000. Mr. Chung is a practicing member of The Hong Kong Institute of Certified Public Accountants. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Institute of Chartered Accountants in England and Wales since February 2007 and November 2014 respectively. He is also a fellow member of The Association of Chartered Certified Accountants.

Mr. Chung is currently a director of Chiu, Choy & Chung CPA Ltd. and has more than 20 years' experience in accounting, auditing and taxation. The Directors consider that his position on the Board and committees with the Group brings a wealth of expertise and guidance on these matters. He is also currently an independent non-executive director of Asian Citrus Holdings Limited (stock code: 73), the shares of which are listed on the Main Board and were admitted to trading on AIM (a market operated by the London Stock Exchange) in 2005 but which have been cancelled from trading on AIM since 29 March 2017, an independent non-executive director of Synergy Group Holdings International Ltd. (stock code: 1539), the shares of which are listed on the Main Board and an independent non-executive director of Great World Company Holdings Limited (stock code: 8003), the shares of which are listed on GEM.

The Company has renewed the letter of appointment with Mr. Chung for a term of two years commencing on 16 March 2020 unless terminated by not less than three months prior written notice served by either party on the other or otherwise in accordance with the terms of the letter of appointment. He is subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to the Articles. He is entitled to a director's fee of HK$240,000 per annum, which is determined with reference to his working experience, background, duties and responsibilities with the Group and the prevailing market conditions.

Mr. Ma Kwok Keung (馬國強) ("**Mr. Ma**"), aged 60, was appointed as an independent non-executive Director on 21 February 2017 and is responsible for providing independent judgment on the Group's strategy, performance, resources and standard of conduct. He is a member of each of the audit committee and the nomination committee of the Company.

Mr. Ma is a practicing solicitor in Hong Kong. He graduated from the Australian National University, Australia with a Bachelor Degree in Arts in 1983 and a Bachelor Degree in Laws in 1984. He was admitted to the High Court of Hong Kong in July 1987 and is also a qualified lawyer in both state and federal courts in Australia. Mr. Ma is currently a partner of Chiu & Partners and his main practice area is securities, banking and commercial law. The Directors consider that his professional expertise and experience offer invaluable insights and advice to the Board and its decisions with regards to the law and legislations.

The Company has renewed the letter of appointment with Mr. Ma for a term of two years commencing on 16 March 2020 unless terminated by not less than three months prior written notice served by either party on the other or otherwise in accordance with the terms of the letter of appointment. He is subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to the Articles. Mr. Ma is entitled to a director's fee of HK$240,000 per annum, which is determined with reference to his working experience, background, duties and responsibilities with the Group and the prevailing market conditions.

Mr. Wong Yat Sum (黃一心) ("**Mr. Wong**"), aged 43, was appointed as an independent non-executive Director on 21 February 2017 and is responsible for providing independent judgement on the Group's strategy, performance, resources and standard of conduct. He is a member of the nomination committee of the Company.

Mr. Wong obtained a Special Degree of Bachelor of Science in Accounting from The University of Hull in the United Kingdom in July 2000. He has been a fellow of the Hong Kong Institute of Certified Public Accountants since October 2014 and The Association of Chartered Certified Accountants since August 2013.

Mr. Wong has over 18 years of auditing, accounting and financial management experience. He worked for Deloitte Touche Tohmatsu from September 2000 to October 2007. From November 2007 to November 2009, Mr. Wong worked for a private wood flooring company as a financial controller in Shanghai, PRC. Mr. Wong was the chief financial officer of a company listed on the Main Board, from December 2009 to October 2019 and was its company secretary and authorised representative from January 2010 to October 2019.

The Company has renewed the letter of appointment with Mr. Wong for a term of two years commencing on 16 March 2020 unless terminated by not less than three months prior written notice served by either party on the other or otherwise in accordance with the terms of the letter of appointment. He is subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to the Articles. Mr. Wong is entitled to a director's fee of HK$240,000 per annum, which is determined with reference to his working experience, background, duties and responsibilities with the Group and the prevailing market conditions.

Mr. Chan Chun Sing (陳振聲) ("**Mr. Chan**"), aged 40, was appointed as an independent non-executive Director on 21 February 2017 and is responsible for providing independent judgement on the Group's strategy, performance, resources and standard of conduct. He is a member of the audit committee of the Company.

Mr. Chan has over 17 years of experience in the fields of accounting and auditing matters of listed companies in Hong Kong. He obtained a bachelor's degree of arts in accountancy from the Hong Kong Polytechnic University in 2001. In November 2015, Mr. Chan obtained an executive master of business administration from the Chinese University of Hong Kong. Mr. Chan is a fellow member of the Hong Kong Institute of Certified Public Accountants and has been a member of the Hong Kong Institute of Directors since March 2013. Mr. Chan worked for Deloitte Touche Tohmatsu from September 2001 to July 2011 and his last position held was senior manager in the audit department.

Mr. Chan was previously a director of the companies shown in the table below which were dissolved by deregistration pursuant to section 291AA of the Predecessor Companies Ordinance due to cessation of business:

Company	**Place of incorporation**	**Date of incorporation**	**Date of dissolution**
i-snooker Trading Company Limited 雅士桌球用品有限公司	Hong Kong	5 June 2012	13 November 2015
Pro-project Consulting Company Limited 專誠咨詢有限公司	Hong Kong	18 March 2013	27 November 2015
Pro-Strategies Consulting Limited 譽策諮詢有限公司	Hong Kong	10 June 2013	8 January 2016

Mr. Chan confirmed that there was no wrongful act on his part leading to the above dissolutions of the companies and he is not aware of any actual or potential claim has been or will be made against him as a result of the dissolutions of these companies.

Mr. Chan joined a private company as chief financial officer from July 2013 to February 2014 and was appointed as executive director from March 2014 to April 2015 and was designated as non-executive director from May 2015 to March 2017. He has served as an independent non-executive director of Lai Si Enterprise Holding Limited (whose shares are listed on the Main Board, stock code: 2266) since January 2017. He has also been appointed as the chief financial officer and the company secretary of Lap Kei Engineering (Holdings) Limited (whose shares are listed on the Main Board, stock code: 1690) since February 2015 and January 2018 respectively and an executive director and company secretary of Janco Holdings Limited (whose shares are listed on GEM, stock code: 8035) since October 2019.

The Company has renewed the letter of appointment with Mr. Chan for a term of two years commencing on 16 March 2020 unless terminated by not less than three months prior written notice served by either party on the other or otherwise in accordance with the terms of the letter of appointment. He is subject to retirement by rotation and re-election at annual general meetings of the Company pursuant to the Articles. Mr. Chan is entitled to a director's fee of HK$240,000 per annum, which is determined with reference to his working experience, background, duties and responsibilities with the Group and the prevailing market conditions.

Save as disclosed above, none of the Directors (i) has held any other position with the Group or any directorship in any other public companies whose the securities are listed on any securities market in Hong Kong or overseas or other major appointments and professional qualifications in the last three years; (ii) as at the date of this announcement, has any interest in the Shares which is required to be disclosed under Part XV of the SFO; (iii) has any relationships with any Directors, senior management, substantial Shareholders or Controlling Shareholders of the Company; and (iv) has any other information which needs to be brought to the attention of the Shareholders or is required to be disclosed pursuant to Rule 13.51(2) of the Main Board Listing Rules and the Board is not aware of any other matter that needs to be brought to the attention of the Shareholders in relation to their directorships.

Senior Management

Mr. Leung Chi Kong (梁志剛) ("**Mr. Leung**"), aged 57, is the senior manager — Operations & Development of the Group. He is primarily responsible for the overall management of sites operations of the Group.

Mr. Leung has over 35 years of experiences in the environmental hygiene services industry in Hong Kong. He was employed by Reliance Services Company Limited (currently known as ISS Facility Services Limited), being a company engaging in the provision of environmental hygiene related services, as an assistant foreman. He left such company in February 2001 and the last position held was site manager. Mr. Leung then joined Best Result Cleaning Services Ltd. (currently known as Best Result Environmental Services Limited), being a company engaging in the provision of cleaning services, where he worked as assistant operations manager in February 2001 and was subsequently promoted to operation manager in October 2004, where he held such position until he left the company in September 2006 and joined the Group in February 2007. Mr. Leung has obtained a Certificate Programme on Supervisory Management from The Hong Kong Management Association in March 2000 and he was awarded a Training Certificate on Safety for Cleansing Work (managers and supervisors) by the Occupational Safety & Health Council in December 2009. Mr. Leung also obtained an Aluminum Mobile Working Platform Training Certificate issued by Origin Production Limited trading as The Hong Kong Safety Training Association in July 2004 and held a Construction Industry Safety Training Certificate from June 2004 to June 2007.

Mr. Chow Kai Chi (周啟智) ("**Mr. Chow**"), aged 51, is the senior finance manager of the Group. He is primarily responsible for the financial reporting, financial planning, treasury, financial control matters of the Group.

Mr. Chow obtained a Bachelor of Arts in Business Accounting in September 1999 from the University of Lincolnshire & Humberside (currently known as the University of Lincoln), the United Kingdom by long distance learning. He is currently a member of the Hong Kong Institute of Certified Public Accountants and was admitted as a member of The Association of Chartered Certified Accountants in October 2001.

Mr. Chow has over 28 years of experience in accounting and finance industry in Hong Kong. He was employed as a clerk in the finance department by Nanyang Brothers Tobacco Co., Ltd, a tobacco manufacturer in June 1988. He was promoted to senior clerk in January 1991 and held that position until he left in August 1991. Mr. Chow then joined Yue Po Engineering Co., Ltd, being a company that provides kitchen design services and supplies catering equipment as senior clerk in the accounting department in March 1992 and was promoted to account officer in October 1992, in which position he remained until he left such company in March 1995. He then joined Siu Wor Trading Co. Ltd, being a company engaging in jewellery trading related business as an accountant in April 1995 and left the company in January 1998. Mr. Chow subsequently joined Trans Asia Computer Superstore Ltd., being a company engaging in sales of computer related equipment as an accountant from June 1998 to August 1999. He then worked as a senior accountant in Hung Mau Realty & Construction Ltd, being a company engaging in the provision of general construction works from November 1999 to July 2002. From July 2002 to April 2005, Mr. Chow worked as an accountant at Broadway Photo Supply Ltd, then being an exporter of camera and photographic equipment. He then worked as an accountant in Suga Electronics Limited, being a company providing advanced electronics manufacturing services, from May 2005 to August 2005 and joined the Group in November 2005.

Save as disclosed above, during the three years preceding the date of this announcement, none of the senior management of the Group held any directorships in any public companies whose securities are listed on any securities market in Hong Kong or overseas. None of the senior management has any relationship with other Directors, senior management and Controlling Shareholders of the Company.

FINANCIAL INFORMATION OF THE GROUP

The table below sets forth the selected information of the Group's audited consolidated financial statements for the three years ended 31 March 2019 and the Group's unaudited consolidated financial statements for the nine months ended 31 December 2018 and 2019:

	Year ended 31 March			Nine months ended 31 December	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	467,513	508,106	537,324	399,806	426,927
Cost of services	(400,175)	(431,216)	(457,769)	(341,415)	(364,027)
Gross profit	67,338	76,890	79,555	58,391	62,900
Other income and gains	783	687	740	564	286
General operating expenses	(42,070)	(49,655)	(51,961)	(38,833)	(39,779)
Listing expenses *(Note)*	(10,387)	—	(1,833)	(1,455)	(2,084)
Finance costs	(2,389)	(1,035)	(482)	(395)	(285)
Profit before income tax	13,275	26,887	26,019	18,272	21,038
Income tax expense	(4,596)	(5,083)	(5,177)	(4,246)	(4,621)
Profit for the year and total comprehensive income for the year attributable to owners of the Company	8,679	21,804	20,842	14,026	16,417

Note: Listing expenses comprise of the Group's expenses relating to the Listing and the application for transfer of listing from GEM to Main Board.

Adoption of new and revised accounting policies

HKFRS 9 "Financial Instruments"

Effective from 1 January 2018, HKAS 39 "Financial Instruments: Recognition and Measurement" was superseded by HKFRS 9 which introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment; and (iii) general hedge accounting, where such new standard is applicable to the Company's financial statements for the financial year commencing from 1 April 2018. Upon the application of HKFRS 9, a new impairment model of the Group's financial assets in HKFRS 9 replaces the "incurred loss model" in HKAS 39 with an "expected credit losses ("**ECL**") model". HKFRS 9 requires the Group to recognise ECL for trade receivables and financial assets at amortised costs earlier than HKAS 39.

In respect of the impairment of financial assets, as at 1 April 2018, the Directors reviewed and assessed the Group's financial assets on that date that are subject to ECL requirements for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The increase in impairment allowance for trade receivables upon the transition to HKFRS 9 as of 1 April 2018 were approximately HK$71,000. The adjustment to the opening retained profits as at 1 April 2018 amounted to HK$71,000. Except trade receivables, the impairment of other financial assets measured at amortised cost that are subject to ECL model is immaterial at the date of transition. Other financial assets of the Group included deposits and other receivables and cash and cash equivalents.

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. For details, please refer to the Group's annual report for the year ended 31 March 2019 published on 6 June 2019. Other than the impact as disclosed above, the Directors consider that the adoption of HKFRS 9 did not have any significant impact on the Group's financial position and performance.

HKFRS 15 "Revenue from Contracts with Customers"

Effective from 1 January 2018, HKFRS 15 superseded HKAS 11 "Construction Contracts" and HKAS 18 "Revenue and related interpretations", where such new standard is applicable to the Company's financial statements for the financial year commencing from 1 April 2018. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. For the revenue from the contract related to the provision of routine services, service income is recognised over time on a straight-line basis over the contract terms as the work is performed. For services that are provided on ad-hoc basis, service income is recognised at a point in time upon completion of the provision of such ad-hoc services. Nevertheless, the adoption of HKFRS 15 may result in a change in measurement and recognition of contract costs as compared with that under HKAS 11. For instance, incremental costs incurred directly attributable to obtain a contract, if recoverable, are capitalised as contract assets and subsequently amortised when the related revenue is recognised.

The Group has elected to use the cumulative effect transition method by recognising any impact on the initial application as an adjustment to the opening retained profits as at 1 April 2018 with no practical expedient under HKFRS 15 being applied. Therefore, comparative information would not be restated and continue to be reported under HKAS 18. As allowed under HKFRS 15, the Group has applied the new requirement only to contracts that were not completed before 1 April 2018. For details, please refer to the Group's annual report for the year ended 31 March 2019 published on 6 June 2019. The Directors consider that the adoption of HKFRS 15 did not have any significant impact on the Group's financial position and performance.

HKFRS 16 — Leases

The Group has applied HKFRS 16 on 1 April 2019. HKFRS 16 replaces HKAS 17 Lease and related interpretations. It introduces a single accounting model, which requires a lessee to recognise right-of-use asset and lease liability for most leases. The standard includes two elective recognition exemptions for lessees, which are leases of low-value assets and short-term leases.

At the commencement date of 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. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payment made.

Depreciation and impairment expenses, if any, on the right-of-use asset and the interest accrual on lease liability will be charged to profit or loss.

Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17.

As at 1 April 2019, the leases, under which the Group is the lessee, have remaining lease terms ending before 31 March 2020. The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as lease applying HKAS 17. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application, i.e. 1 April 2019. Also, based on the allowed practical expedients under HKFRS 16, the Group has elected not to apply the requirements of HKFRS 16 in respect of recognition of lease liability and right-of-use assets to leases for which the lease term ends within twelve months of the date of initial application. Instead, the Group has recognised the lease payments for these short-term leases as expenses on a straight-line basis over the term of the leases in the consolidated statement of comprehensive income. Therefore, the initial adoption of HKFRS 16 has no impact on the Group's consolidated statement of financial position as at 1 April 2019. The adoption of HKFRS 16 did not have a material effect on the Group's financial performance.

In October 2019, the Group, as a lessee, has entered into a two-year non-cancellable rental tenancy agreement for its office premises. The Group recognised the lease as right-of-use assets and lease liabilities in the consolidated statement of financial position in accordance with HKFRS 16. As at 31 December 2019, the right-of-use assets and lease liabilities are HK$2,103,000 and HK$2,203,000 respectively. For the nine months ended 31 December 2019, the Group has recognised depreciation of right-of-use assets of HK$300,000 and interest expenses on lease liabilities of HK$29,000 to the profit or loss.

Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17 and there is no material impact to the Group as at 1 April 2019 and 31 December 2019.

Events after the reporting period

In accordance with HKAS 10 "Events after the reporting period", the current worldwide spread of the COVID-19 is considered as a non-adjusting event for the financial information as at 31 December 2019. The Group will closely monitor the situation of the COVID-19 outbreak and its impact as it develops however, an estimation of its financial effect cannot be made as at the date of this announcement. For details of the impact of the outbreak of COVID-19 on the Group, please refer to the sections headed "Outbreak of Coronavirus disease (COVID-19)" and "Principal risks and uncertainties — An occurrence of a natural disaster, widespread health epidemic or other outbreaks could have a material adverse impact on the Group's business, financial condition and results of operations", respectively, in this announcement.

Revenue

Set out below is the breakdown of the Group's revenue for the Track Record Period:

	Year ended 31 March						Nine months ended 31 December			
	2017		2018		2019		2018		2019	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000* (unaudited)	%	*HK$'000* (unaudited)	%
Environmental hygiene and related services	432,619	92.5	467,745	92.1	498,771	92.8	370,157	92.6	399,267	93.5
Airline catering support services	34,894	7.5	40,361	7.9	38,553	7.2	29,649	7.4	27,660	6.5
Total	467,513	100.0	508,106	100.0	537,324	100.0	399,806	100.0	426,927	100.0

Environmental hygiene and related services

The Group's revenue increased from approximately HK$467.5 million for the year ended 31 March 2017 to approximately HK$508.1 million for the year ended 31 March 2018, representing a growth of approximately HK$40.6 million or 8.7%. Such increase was mainly attributable to the increase in revenue in environmental hygiene and related services, which was primarily driven by 1) in terms of Tender Contracts, the (i) increase in revenue contributed by Customer E of approximately HK$6.1 million primarily due to two new contracts started in September and October 2017 respectively for provision of cleaning services to common and public area of residential premises and increase in service income from a contract renewed in July 2017; (ii) increase in revenue contributed by an existing customer, a property developer, of approximately HK$4.3 million mainly due to a cleaning service contract started in January 2017; (iii) increase in revenue contributed by Customer B of approximately HK$3.0 million mainly due to the increase in service income from a contract started in March 2017 and a contract renewed in November 2016; (iv) increase in revenue contributed by Customer C of approximately HK$2.5 million mainly due to the increase in service income from two contracts renewed in July 2017; (v) increase in revenue contributed by an existing customer, a property management company, of approximately HK$1.9 million due to a new contract started in September 2017; (vi) increase in revenue in aggregate of approximately HK$5.0 million contributed by three existing customers which individually generated revenue of at least HK$10 million for the year ended 31 March 2018; and (vii) revenue generated from a new customer, a telecommunications operator of approximately HK$1.3 million for the cleaning services; and 2) in terms of Quotations, the increase in revenue of approximately HK$7.8 million.

The Group's revenue for the year ended 31 March 2019 amounted to approximately HK$537.3 million, representing an increase of approximately HK$29.2 million or 5.8% as compared to that of approximately HK$508.1 million for the year ended 31 March 2018. Such increase was due to the increase in revenue in environmental hygiene and related services, which was mainly driven by 1) in terms of Tender Contracts, the (i) increase in revenue contributed by Customer E of approximately HK$9.0 million primarily due to the increase in service income from two contracts started in September and October 2017 respectively; (ii) increase in revenue generated from a new customer, a world-renowned sports club, of approximately HK$5.9 million for the Group's environmental hygiene and related services; (iii) increase in revenue generated from a new customer, a local bank of approximately HK$2.4 million for the Group's environmental hygiene and related services; and (iv) increase in revenue contributed by existing contracts entered into with Customer C of approximately HK$2.3 million due to increased in service income from renewed contract started in July 2018; and 2) in terms of Quotations, the increase in revenue of approximately HK$4.3 million.

For the nine months ended 31 December 2019, the Group's revenue amounted to approximately HK$426.9 million, representing an increase of approximately HK$27.1 million or 6.8% as compared to that of approximately HK$399.8 million for the nine months ended 31 December 2018. Such increase was primarily attributable to the increase in revenue in environmental hygiene and related services, which was mainly driven by 1) in terms of Tender Contracts, (i) the increase in revenue contributed by Customer F of approximately HK$12.8 million primarily due to three new contracts started in April and May 2019 respectively for provision of cleaning services to commercial premises and residential premises; (ii) the increase in revenue contributed by Customer A of approximately HK$12.7 million mainly due to provision of cleaning services to commercial premises and a shopping mall started in August 2018 and March 2019 respectively under an existing contract and a new contract; and (iii) the increase in revenue generated from a new customer, a world-renowned sports club, of approximately HK$4.6 million for contract started in September 2018; and 2) in terms of Quotations, the increase in revenue of approximately HK$4.7 million.

Tender Contracts generally have a service period of one to three years. Upon expiry of the Tender Contracts, the Group may bid for the same tenders depending on the requirements of the tenders and factors including but not limited to competition, pricing and budgets. In light of the increasing labour costs and the labour-intensive nature of the Group's business, the Group generally makes reassessment of cost (which takes into consideration the potential increases in labour costs) and increases its service fees as appropriate so as to pass the increased labour costs to its customers in the new tenders. Such increase in service fees upon contract renewal will generally lead to the increase in revenue attributable to the renewed contract.

Airline catering support services

The revenue of airline catering support services increased by approximately 15.7% from approximately HK$34.9 million for the year ended 31 March 2017 to approximately HK$40.4 million for the year ended 31 March 2018, which was mainly due to the increase in revenue contributed by a contract entered into with one of the customers of the Group's airline catering support services segment. For the year ended 31 March 2019, the revenue of airline catering support services slightly decreased by approximately 4.5% to approximately HK$38.6 million, which was mainly attributable to the decrease in demand for the Group's airline catering support services from one of the customers which the Directors believe that certain simple and repetitive procedures involved in airline catering support services were replaced by automation process.

The revenue of airline catering support services decreased by approximately 6.7% from approximately HK29.6 million for the nine months ended 31 December 2018 to approximately HK$27.7 million for the nine months ended 31 December 2019, which was mainly due to the decrease in demand for the Group's airline catering support services from one of the customers which the Directors believe that certain simple and repetitive procedures involved in airline catering support services were replaced by automation process.

Cost of services

The following table sets out the breakdown of the Group's cost of services for the Track Record Period:

	Year ended 31 March						Nine months ended 31 December			
	2017		2018		2019		2018		2019	
	HK$'000	%	*HK$'000*	%	*HK$'000*	%	*HK$'000* (unaudited)	%	*HK$'000* (unaudited)	%
Direct labour costs	291,671	72.9	296,560	68.8	286,176	62.5	214,257	62.8	224,954	61.8
Manpower supplier charges	83,969	21.0	109,813	25.5	144,108	31.5	106,108	31.1	119,355	32.8
Sub-contracting charges	9,868	2.4	10,593	2.4	11,340	2.5	8,597	2.5	8,460	2.3
Consumables	13,998	3.5	13,548	3.1	15,593	3.4	12,048	3.5	10,842	3.0
Miscellaneous goods and services	669	0.2	702	0.2	552	0.1	405	0.1	416	0.1
Total	400,175	100.0	431,216	100.0	457,769	100.0	341,415	100.0	364,027	100.0

Note: Direct labour costs include the salaries, allowance and retirement benefit plan contribution.

The Group's cost of services mainly comprised direct labour costs and manpower supplier charges. The Group's cost of services increased by approximately HK$31.0 million, or 7.8%, from approximately HK$400.2 million for the year ended 31 March 2017 to approximately HK$431.2 million for the year ended 31 March 2018, which was generally in line with the increase in revenue for the year ended 31 March 2018 of approximately 8.7%.

The Group's cost of services increased from approximately HK$431.2 million for the year ended 31 March 2018 to approximately HK$457.8 million for the year ended 31 March 2019, representing an increase of approximately HK$26.6 million or 6.2%, which was generally in line with the increase in revenue of approximately 5.8%. The increase in cost of services was mainly attributable to the combined effect of (i) the increase in manpower supplier charges of approximately HK$34.3 million; and (ii) the decrease in direct labour costs of approximately HK$10.4 million. As confirmed by the Directors, such allocation between direct labour and manpower suppliers was determined having considered the cost effectiveness and flexibility in manpower deployment by the management of the Group.

The Group's cost of services increased by approximately HK$22.6 million, or 6.6%, from approximately HK$341.4 million for nine months ended 31 December 2018 to approximately HK$364.0 million for nine months ended 31 December 2019, which was generally in line with the increase in revenue for nine months ended 31 December 2019 of approximately 6.8%.

The following table sets out the (i) total number of man-hours incurred; and (ii) average hourly costs/charges per worker of the Group's operation team and the workers supplied by manpower suppliers during the Track Record Period:

	Year ended 31 March			Nine months ended 31 December
	2017	**2018**	**2019**	**2019**
The Group's operation team:				
Total number of man-hours incurred for the year/period (million hours)	5.2	4.9	4.5	3.4
Average hourly costs per worker for the year/period (HK$/hour) *(Note 1)*	55.7	60.5	63.6	66.8
Workers supplied by manpower suppliers:				
Total number of man-hours incurred for the year/period (million hours)	1.7	2.1	2.8	2.1
Average hourly charges per worker for the year/period (HK$/hour) *(Note 2)*	50.0	52.7	52.3	56.9

Notes:

1. Average hourly costs per worker for the year/period is calculated based on direct labour costs for the year/period divided by total number of man-hours incurred by the Group's operation team for the year/period.

2. Average hourly charges per worker for the year/period is calculated based on manpower supplier charges for the year/period divided by total number of man-hours incurred by workers supplied by manpower suppliers for the year/period.

Although the average hourly charges per workers of workers supplied by manpower suppliers were lower than that of the Group's in-house workers during the Track Record Period, when additional manpower is required for a project, the Directors generally prefer to employ new in-house workers rather than procuring from the manpower suppliers as recruiting own manpower would enable the Group to have a better control on the quality of services provided by providing more comprehensive training to ensure its in-house workers familiarise with the procedures and standards of the Group's services. Nevertheless, according to the Frost & Sullivan Report, long working hours and heavy workload had resulted to a high occupational mobility and hence labour shortage in the environmental hygiene services industry, which may lengthen the recruitment process and increase the recruitment cost as recruiters have to offer more competitive remuneration package to attract workers. The Directors were of the view that the cost (i.e. basic salaries, allowance, other benefits, contribution to retirement benefit scheme and other recruitment costs) and difficulty for recruiting new in-house workers may vary depending on, among others, (i) location of work site; (ii) working schedules; and (iii) technical skills or specialties required. In the case that the Group is unable to recruit new in-house workers within the budget, the Group may need to procure workers from the manpower suppliers which are specialised in recruiting workers of various industry to avoid cost overrun and achieve cost effectiveness. Besides, in order to have greater flexibility in the Group's manpower deployment, the Group may also procure workers from the manpower suppliers from time to time for one-off project or to satisfy the additional workloads for some projects in a timely manner when the Group's in-house workers are not sufficient to fully undertake the works.

According to the Frost & Sullivan Report, the range of average hourly salary of environmental hygiene services workers in 2016, 2017, 2018 and 2019 were approximately HK$40 to HK$57 per hour, HK$42 to HK$62 per hour, HK$45 to HK65 per hour and HK$47 to HK$69 per hour, respectively. Based on above, the Directors are of the view that the average hourly costs/charges per worker of the Group's operation team and the workers supplied by manpower suppliers during the Track Record Period were generally in line with the market.

Gross profit and gross profit margin

Set out below is the breakdown of the Group's segment gross profits and gross profit margins by environmental hygiene and related services and airline catering support services for the Track Record Period:

	Year ended 31 March						**Nine months ended 31 December**			
	2017		**2018**		**2019**		**2018**		**2019**	
	Gross profit	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**	**Gross profit**	**Gross profit margin**
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000* (unaudited)	*%*
Environmental hygiene and related services	62,383	14.4	72,576	15.5	75,515	15.1	54,984	14.9	59,433	14.9
Airline catering support services	4,955	14.2	4,314	10.7	4,040	10.5	3,407	11.5	3,467	12.5
Total/overall	67,338	14.4	76,890	15.1	79,555	14.8	58,391	14.6	62,900	14.7

Environmental hygiene and related services

The gross profit of environmental hygiene and related services increased by approximately HK$10.2 million or 16.3% from approximately HK$62.4 million for the year ended 31 March 2017 to HK$72.6 million for the year ended 31 March 2018 which was due to the increase in revenue and gross profit margin. The gross profit of environmental hygiene and related services slightly increased by approximately HK$2.9 million or 4.0% to approximately HK$75.5 million for the year ended 31 March 2019.

The gross profit of the environmental hygiene and related services increased by approximately HK$4.4 million or 8.1% from approximately HK$55.0 million for the nine months ended 31 December 2018 to HK$59.4 million for the nine months ended 31 December 2019 which was due to the increase in revenue.

The gross profit margin of environmental hygiene and related services remained relatively stable at approximately 14.4%, 15.5%, 15.1%, 14.9% and 14.9% for each of the three years ended 31 March 2017, 2018 and 2019 and nine months ended 31 December 2018 and 2019, respectively.

Airline catering support services

The gross profit of airline catering support services decreased by approximately 12.9% from approximately HK$5.0 million for the year ended 31 March 2017 to approximately HK$4.3 million for the year ended 31 March 2018, which was due to the combined effect of (i) the decrease in gross profit of approximately HK$1.2 million due to renewal of a contract with Customer D; and (ii) increase in gross profit of approximately HK$0.6 million contributed by a contract entered into with Customer B. The gross profit of airline catering support services decreased by approximately 6.4% from approximately HK$4.3 million for the year ended 31 March 2018 to approximately HK$4.0 million for the year ended 31 March 2019, which was mainly attributable to the decrease in segment revenue contributed by airline catering support services.

The gross profit margin of airline catering support services decreased from approximately 14.2% for the year ended 31 March 2017 to 10.7% for the year ended 31 March 2018, which was mainly attributable to the decrease in gross profit margin of the contract entered into with Customer D, as the Group offered competitive pricing during the renewal of contract with Customer D in order to secure the renewal with effect from March 2017. The gross profit margin of airline catering support services remained relatively stable at approximately 10.7% and 10.5% for each of the years ended 31 March 2018 and 2019 respectively.

The gross profit of airline catering support services remained relatively stable at approximately HK$3.4 million and HK$3.5 million for the nine months ended 31 December 2018 and 2019.

The gross profit margin of airline catering support services increased from approximately 11.5% for the nine months ended 31 December 2018 to approximately 12.5% for the nine months ended 31 December 2019, which was primarily due to the increase in gross profit margin of the contract entered into with Customer D with effect from May 2019 mainly driven by the increase in service fee during the contract renewal in May 2019. The Company had increased the service fee set out in the tender submitted to Customer D mainly with reference to the increment in salary of workers in the market and the tender contract was subsequently awarded by Customer D with effect from May 2019.

Other income and gains

The Group's other income and gains mainly comprise sales of scrap materials and gain on disposal of property, plant and equipment. The Group's other income and gains remained relatively stable at approximately HK$0.8 million, HK$0.7 million, HK$0.7 million, HK$0.6 million and HK$0.3 million for each of the three years ended 31 March 2017, 2018 and 2019 and nine months ended 31 December 2018 and 2019, respectively. The other income and gains were immaterial to the Group for the Track Record Period.

General operating expenses

The following table sets out the breakdown of the Group's general operating expenses for the Track Record Period:

	Year ended 31 March						Nine months ended 31 December			
	2017		2018		2019		2018		2019	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (unaudited)	*%*	*HK$'000* (unaudited)	*%*
Staff costs *(Note 1)*	21,238	50.5	23,208	46.7	23,238	44.7	17,351	44.7	17,643	44.4
Insurance	5,211	12.4	5,214	10.5	5,781	11.1	4,269	11.0	4,739	11.9
Depreciation	3,448	8.2	3,748	7.5	5,044	9.7	3,832	9.9	3,563	9.0
Motor vehicle expenses	2,349	5.6	2,670	5.4	3,501	6.7	2,688	6.9	2,775	7.0
Compensation for injury	790	1.9	402	0.8	139	0.3	650	1.7	385	1.0
Provision for long service payments	968	2.3	1,215	2.4	2,004	3.9	1,820	4.7	2,138	5.4
Bank charges	1,023	2.4	1,002	2.0	1,048	2.0	766	2.0	746	1.9
Repairs and maintenance	595	1.4	629	1.3	667	1.3	457	1.2	501	1.3
Legal and professional fee *(Note 2)*	427	1.0	2,012	4.1	1,611	3.1	1,385	3.6	1,277	3.2
Auditor's remuneration	560	1.3	740	1.5	740	1.4	420	1.1	420	1.1
Rental	222	0.5	821	1.7	1,432	2.8	1,071	2.8	799	2.0
Printing and stationery	403	1.0	677	1.4	551	1.1	411	1.1	511	1.3
Entertainment	1,506	3.6	1,691	3.4	1,391	2.7	704	1.8	733	1.8
Recruitment	626	1.5	686	1.4	594	1.1	505	1.3	329	0.8
Others	2,704	6.4	4,940	9.9	4,220	8.1	2,504	6.2	3,220	7.9
Total	42,070	100.0	49,655	100.0	51,961	100.0	38,833	100.0	39,779	100.0

Note 1: Staff costs included salaries and allowances, Directors' emoluments and retirement benefit plan contribution.

Note 2: Legal and professional fee mainly include company secretarial, compliance adviser.

General operating expenses mainly comprise staff costs, insurance and depreciation.

The general operating expenses increased by approximately HK$7.6 million, or 18.0%, to approximately HK$49.7 million for the year ended 31 March 2018 as compared with approximately HK$42.1 million for the year ended 31 March 2017. The increase of general operating expenses was mainly due to an increase in legal and professional fees as a result of increase in compliance costs after the Listing.

The general operating expenses further increased by approximately HK$2.3 million, or 4.6% to approximately HK$52.0 million for the year ended 31 March 2019 which was mainly attributable to increase in the depreciation expenses mainly arising from leasehold improvement and machinery and equipment.

The Group's general operating expenses remained relatively stable at approximately HK$38.8 million and HK$39.8 million for the nine months ended 31 December 2018 and 2019 respectively.

Finance costs

The finance costs of the Group mainly comprise interest expenses on bank borrowings for the Group's working capital.

The Group's finance costs decreased from approximately HK$2.4 million for the year ended 31 March 2017 to approximately HK$1.0 million for the year ended 31 March 2018 and further decreased to approximately HK$0.5 million for the year ended 31 March 2019. Such decrease was mainly due to repayment of bank borrowings during the three years ended 31 March 2019.

The Group's finance costs remained stable at approximately HK$0.4 million and HK$0.3 million for the nine months ended 31 December 2018 and 2019, respectively.

Income tax expense

The Group's income tax expense was approximately HK$4.6 million, HK$5.1 million, HK$5.2 million, HK$4.2 million and HK$4.6 million, representing an effective income tax rate of approximately 34.6%, 18.9%, 19.9%, 23.2% and 22.0% for each of the three years ended 31 March 2017, 2018 and 2019 and nine months ended 31 December 2018 and 2019, respectively. The Group's effective tax rates for the year ended 31 March 2018 was relatively consistent with the statutory profits tax rate of 16.5% while the effective tax rate for the each of years ended 31 March 2017 and 31 March 2019 and each of the nine months period ended 31 December 2018 and 2019 was higher than the statutory profits tax rate mainly due to the listing expenses incurred during the year/period which were tax non-deductible.

Profit and total comprehensive income for the year/period attributable to owners of the Company

The Group's profit and total comprehensive income attributable to owners of the Company increased from approximately HK$8.7 million for the year ended 31 March 2017 to approximately HK$21.8 million for the year ended 31 March 2018, representing an increase of approximately HK$13.1 million or 151.2%. Such increase was mainly attributable to the combined effect of (i) the increase in gross profit as explained above; and (ii) the recognition of the one-off listing expenses in relation to the Listing of approximately HK$10.4 million for the year ended 31 March 2017.

As stated in the profit warning announcement of the Company dated 31 July 2018, it was expected that the net profit attributable to the owners of the Company for the three months ended 30 June 2018 would record a decline of not exceeding 45% as compared to that for the corresponding period in 2017 (for the three months ended 30 June 2017: HK$4.6 million), primarily attributable to (i) a decrease in gross profit margin due to the higher growth in labour cost relative to revenue; and (ii) an increase in rental expenses due to the relocation of its head office and principal place of business in Hong Kong in December 2017.

The higher growth in labour cost relative to revenue during the three months ended 30 June 2018 was mainly due to the temporary increase in labour costs for employing additional workers during the initial stage of a contract with Customer A. The level of labour costs returned to normal level after such initial stage and thus the Group was able to maintain a relatively stable gross profit margin for the year ended 31 March 2019 of approximately 14.8% when compared to that for 2018 of approximately 15.1%.

The Group's profit and total comprehensive income attributable to owners of the Company decreased slightly from approximately HK$21.8 million for the year ended 31 March 2018 to approximately HK$20.8 million for the year ended 31 March 2019, representing a decrease of approximately HK$1.0 million or 4.4%. Such decrease was mainly attributable to the net effect of (i) recognition of listing expenses relating to the Transfer of Listing of approximately HK$1.8 million for the year ended 31 March 2019; and (ii) the increase in gross profit as explained above.

The Group's profit and total comprehensive income attributable to owners of the Company increased from approximately HK$14.0 million for the nine months ended 31 December 2018 to approximately HK$16.4 million for the nine months ended 31 December 2019, representing an increase of approximately HK$2.4 million or 17.0%. Such increase was mainly due to the increase in gross profit as explained above.

FINANCIAL POSITION OF THE GROUP

Set out below is a consolidated statement of financial position as at the dates indicated:

	As at 31 March			As at 31 December
	2017	2018	2019	2019
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)
Non-current assets				
Property, plant and equipment	35,709	37,188	36,001	33,221
Prepayments	—	292	—	—
Right-of-use asset	—	—	—	2,103
	35,709	37,480	36,001	35,324
Current assets				
Inventories	30	11	14	9
Trade receivables	82,087	100,180	114,497	128,337
Prepayments, deposits and other receivables	5,681	8,928	7,263	9,272
Tax recoverable	493	12	67	40
Cash and cash equivalents	71,416	39,488	33,844	38,840
	159,707	148,619	155,685	176,498
Current liabilities				
Trade payables	12,154	12,790	14,710	15,901
Accruals, deposits and other payables	42,568	30,495	30,069	35,461
Bank borrowings	39,643	17,533	9,364	9,046
Lease liabilities	—	—	—	2,203
Tax payable	—	1,549	1,614	4,937
	94,365	62,367	55,757	67,548
Net current assets	65,342	86,252	99,928	108,950
Total assets less current liabilities	101,051	123,732	135,929	144,274
Non-current liabilities				
Provision for long service payments	8,553	9,076	10,480	12,346
Deferred tax liabilities	878	1,216	1,258	1,340
	9,431	10,292	11,738	13,686
Net assets	91,620	113,440	124,191	130,588

Net current assets

The net current assets increased by approximately HK$20.9 million from approximately HK$65.3 million as at 31 March 2017 to approximately HK$86.3 million as at 31 March 2018. Such increase was mainly contributed by the profit for the year ended 31 March 2018 of approximately HK$21.8 million.

The net current assets increased from approximately HK$86.3 million as at 31 March 2018 to approximately HK$99.9 million as at 31 March 2019. Such increase was mainly contributed by the profit for the year ended 31 March 2019 of approximately HK$20.8 million.

The net current assets increased from approximately HK$99.9 million as at 31 March 2019 to approximately HK$109.0 million as at 31 December 2019. Such increase was mainly contributed by the profit for the nine months ended 31 December 2019 of approximately HK$16.4 million.

Trade receivables

The Group's trade receivables increased from approximately HK$82.1 million as at 31 March 2017 to approximately HK$100.2 million as at 31 March 2018, as a result of (i) the increase in revenue of the Group for the year ended 31 March 2018 by approximately 8.7%; and (ii) average trade receivable turnover days increased from approximately 60.9 days for the year ended 31 March 2017 to approximately 65.5 days for the year ended 31 March 2018.

The Group's trade receivables further increased from approximately HK$100.2 million as at 31 March 2018 to approximately HK$114.5 million as at 31 March 2019, as a result of (i) the increase in revenue of the Group for the year ended 31 March 2019 by approximately 5.8%; and (ii) average trade receivable turnover days increased from approximately 65.5 days for the year ended 31 March 2018 to approximately 72.9 days for the year ended 31 March 2019.

The Group's trade receivables further increased from approximately HK$114.5 million as at 31 March 2019 to approximately HK$128.3 million as at 31 December 2019, which was mainly due to longer time required by the Group's customers for the settlement of payment as reflected by the increase in average trade receivable turnover days from approximately 72.9 days for the year ended 31 March 2019 to approximately 78.2 days for the nine months ended 31 December 2019.

The Group's average trade receivables turnover days increased from approximately 60.9 days for the year ended 31 March 2017 to approximately 65.5 days for the year ended 31 March 2018, and further increased to approximately 72.9 days and 78.2 days for the year ended 31 March 2019 and nine months ended 31 December 2019, respectively, which was mainly due to longer time required by the Group's customers for the settlement of payment during the Track Record Period. Despite the increase in the average trade receivables turnover days, over 65% of the Group's trade receivables were either (i) not yet past due; or (ii) less than one month past due as at 31 March 2017, 2018, 2019 and 31 December 2019, and the Directors believe that there was no significant change in credit quality of the trade receivables. Hence, the Directors are of the view that the credit risks and default risks are low, and no bad debt was recorded during the Track Record Period.

As at the Latest Practicable Date, approximately HK$113.6 million or 88.5% of the Group's trade receivables as at 31 December 2019 has been subsequently settled.

Trade payables

The Group's trade payables mainly related to the purchase of raw materials and sub-contracting fees incurred from suppliers.

The Group's trade payables remained stable at HK$12.2 million and HK$12.8 million as at 31 March 2017 and 31 March 2018, respectively. The Group's trade payables increased from approximately HK$12.8 million as at 31 March 2018 to approximately HK$14.7 million as at 31 March 2019 mainly due to the increase in Total Purchases and sub-contracting charges of the Group for the year ended 31 March 2019 by approximately 27.7%. The Group's trade payables further increased by approximately 8.1% to approximately HK$15.9 million as at 31 December 2019 mainly due to the increase in manpower provided by manpower suppliers.

The Group's average trade payable turnover days decreased from approximately 38.9 days for the year ended 31 March 2017 to approximately 34.0 days for the year 31 March 2018, and further decreased to approximately 29.3 days for the year ended 31 March 2019 which was mainly due to increase in supply of manpower procured from Supplier A during the three years ended 31 March 2019 which generally offered relative shorter credit period of 15 days to the Group. The Group's average trade payable turnover days remained relatively stable at approximately 29.3 days and 30.4 days for the year ended 31 March 2019 and nine months ended 31 December 2019, respectively.

As at the Latest Practicable Date, the Group's trade payables as at 31 December 2019 has been fully settled.

Prepayments, deposits and other receivables

The Group's prepayments, deposits and other receivables was approximately HK$5.7 million, HK$8.9 million, HK$7.3 million and HK$9.3 million as at 31 March 2017, 2018 and 2019 and 31 December 2019, respectively. The Group's prepayments, deposits and other receivables increased to approximately HK$9.3 million as at 31

December 2019, which was mainly due to the prepayments for the Group's insurance. As at the Latest Practicable Date, approximately 47.3% of the prepayments, deposits and other receivables as at 31 December 2019 has been subsequently utilised.

Accruals, deposits and other payables

The Group's accruals, deposits and other payables decreased from approximately HK$42.6 million as at 31 March 2017 to approximately HK$30.5 million as at 31 March 2018. Such decrease was mainly a result of the decrease in payable of listing expenses which were settled during April to May 2017. The Group's accruals, deposits and other payables remained stable at approximately HK$30.1 million as at 31 March 2019.

The Group's accruals, deposits and other payables increased from approximately HK$30.1 million as at 31 March 2019 to approximately HK$35.5 million as at 31 December 2019. Such increase was mainly a result of (i) increase in accrued wages of approximately HK$2.4 million; and (ii) increase in provision for annual leave of approximately HK$1.6 million.

Bank borrowings

The Group's bank borrowings decreased from approximately HK$39.6 million as at 31 March 2017 to approximately HK$17.5 million as at 31 March 2018 and further decreased to approximately HK$9.4 million as at 31 March 2019, which was mainly attributable to repayment of bank borrowings during the Track Record Period.

The Group's bank borrowings remained relatively stable at approximately HK$9.4 million and HK$9.0 million as at 31 March 2019 and 31 December 2019 respectively.

DIVIDEND

The Company seeks to maintain a balance between meeting the Shareholders' expectations and prudent capital management with a sustainable dividend policy. The Company's dividend policy aims to allow the Shareholders to reward from the Company's profit and for the Company to retain adequate reserves for the Group's future growth. For further details of the Company's dividend policy, please refer to the section headed "Dividend Policy" in the Group's annual report for the year ended 31 March 2019 published on 6 June 2019.

For the year ended 31 March 2017, no dividend has been declared. For the year ended 31 March 2018, the Company declared and paid dividends in the amount of HK$10,020,000 (which represented HK1.67 cents per Share). The Board declared a final dividend of HK1.67 cents per Share for the year ended 31 March 2019, amounting to a total of HK$10,020,000. Such final dividend was approved by the Shareholders at the annual general meeting of the Company held on Thursday, 8 August 2019 and was paid on Thursday, 29 August 2019.

CASH FLOWS

The following table sets forth a condensed summary of the Group's consolidated statement of cash flow during the Track Record Period:

	Year ended 31 March			Nine months ended 31 December	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	(unaudited)
Operating profit before working capital changes	19,147	31,583	31,645	22,510	24,882
Changes in working capital	3,283	(32,235)	(9,882)	(4,982)	(7,396)
Interest and income tax paid	(9,981)	(3,750)	(5,607)	(1,482)	(1,472)
Net cash generated from/(used in) operating activities	12,449	(4,402)	16,156	16,046	16,014
Net cash used in investing activities	(1,873)	(5,416)	(3,611)	(3,415)	(480)
Net cash generated from/(used in) financing activities	38,430	(22,110)	(18,189)	(15,436)	(10,538)
Net increase/(decrease) in cash and cash equivalents	49,006	(31,928)	(5,644)	(2,805)	4,996
Cash and cash equivalents at the beginning of the year/period	22,410	71,416	39,488	39,488	33,844
Cash and cash equivalents at the end of the year/period	71,416	39,488	33,844	36,683	38,840

Net cash generated from/(used in) operating activities

The Group recorded net cash generated from operating activities of approximately HK$12.4 million for the year ended 31 March 2017. This was a result of positive operating profit before working capital changes of approximately HK$19.1 million, net working capital inflow of approximately HK$3.3 million, interest paid of approximately HK$2.4 million and income tax paid of approximately HK$7.6 million. The Group's net working capital inflow was mainly attributable to the net effect of the increase in trade receivables of approximately HK$8.1 million and the increase in accruals, deposits and other payables of approximately HK$9.2 million.

The Group recorded net cash used in operating activities of approximately HK$4.4 million for the year ended 31 March 2018. This was a result of positive operating profit before working capital changes of approximately HK$31.6 million, net working capital outflow of approximately HK$32.2 million, interest paid of approximately HK$1.0 million and income tax paid of approximately HK$2.7 million. The Group's net working capital outflow was mainly attributable to the (i) increase in trade receivables of approximately HK$18.1 million; (ii) decrease in accruals, deposits and other payables of approximately HK$12.1 million mainly due to settlement of listing expenses during April to May 2017; and (iii) increase in prepayments, deposits and other receivables of approximately HK$3.2 million mainly due to refund arisen from severance payment offset by mandatory provident fund and prepayment for insurance.

The Group recorded net cash generated from operating activities of approximately HK$16.2 million for the year ended 31 March 2019. This was a result of positive operating profit before working capital changes of approximately HK$31.6 million, net working capital outflow of approximately HK$9.9 million, interest paid of approximately HK$0.5 million and income tax paid of approximately HK$5.1 million. The Group's net working capital outflow was mainly attributable to the net effect of the (i) increase in trade receivables of approximately HK$14.4 million; (ii) decrease in prepayments, deposits and other receivables of approximately HK$1.7 million; and (iii) increase in trade payables of approximately HK$1.9 million.

The Group recorded net cash generated from operating activities of approximately HK$16.0 million for the nine months ended 31 December 2018. This was a result of positive operating profit before working capital changes of approximately HK$22.5 million, net working capital outflow of approximately HK$5.0 million, interest paid of approximately HK$0.4 million and income tax paid of approximately HK$1.1 million. The Group's net working capital outflow was mainly attributable to the net effect of the (i) increase in trade receivables of approximately HK$8.3 million; (ii) increase in prepayments, deposits and other receivables of approximately HK$1.1 million; (iii) increase in trade payables of approximately HK$2.8 million; and (iv) increase in provision for long service payments of approximately HK$1.3 million.

The Group recorded net cash generated from operating activities of approximately HK$16.0 million for the nine months ended 31 December 2019. This was a result of positive operating profit before working capital changes of approximately HK$24.9 million, net working capital outflow of approximately HK$7.4 million, interest paid of approximately HK$0.3 million and income tax paid of approximately HK$1.2 million. The Group's net working capital outflow was mainly attributable to the net effect of the (i) increase in trade receivables of approximately HK$13.8 million; (ii) increase in accruals, deposits and other payables of approximately HK$5.3 million; (iii) increase in prepayments, deposits and other receivables of approximately HK$2.0 million; (iv) increase in trade payables of approximately HK$1.2 million; and (v) increase in provision for long service payments of approximately HK$1.9 million.

Non-HKFRS measures

To supplement the condensed summary of the Group's consolidated statement of cash flow, which are presented in accordance with HKFRS, the adjusted net cash generated from operating activities, as a non-HKFRS measure, is also presented. This non-HKFRS measure is not required by, or presented in accordance with the HKFRS but to facilitate the comparison of net cash generated from operating activities from year to year and period to period by eliminating the impact of non-recurring listing expenses that is not considered to be indicative of the Group's operating performance. The Company believes that this non-HKFRS measure provides useful information to investors in understanding and evaluating the Group's financial information in the same manner as the Group's management and in comparing financial results across accounting periods.

The Group's adjusted net cash generated from operating activities recorded a decrease for the year ended 31 March 2018, which was mainly due to the increase in trade receivables during the year ended 31 March 2018. The Group's trade receivables increased by approximately 22.0% from approximately HK$82.1 million as at 31 March 2017 to approximately HK$100.2 million as at 31 March 2018, such increase was higher than the increase in the Group's revenue of approximately 8.7% for the year ended 31 March 2018, which was mainly attributable to (i) the increase in average trade receivable turnover days from approximately 60.9 days for the year ended 31 March 2017 to approximately 65.5 days for the year ended 31 March 2018; and (ii) the increase in trade receivables which was less than one month past due but not impaired by approximately HK$10.3 million. The increase in trade receivables as at 31 March 2018 was partly attributable to the increase in amount due from Customer E, which our Directors believed that longer time was required by Customer E for the settlement of payments of two new contracts started in September and October 2017 respectively. For further details of the Group's trade receivables, please refer to the paragraphs headed "Financial Position of the Group — Trade receivables" above.

The table below sets out the unaudited adjusted net cash generated from operating activities for the Track Record Period after excluding the effect of the (i) listing expenses recognised in the consolidated statement of comprehensive income; (ii) cut-off adjustments for prepayment of listing expenses; and (iii) cut-off adjustments for accrued listing expenses:

	For the year ended 31 March			For the nine months ended 31 December	
	2017	**2018**	**2019**	**2018**	**2019**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net cash generated from/ (used in) operating activities	12,449	(4,402)	16,156	16,046	16,014
Adjusted for:					
Listing expenses recognised in the consolidated statement of comprehensive income (Note 1)	10,387	—	1,833	1,455	2,084
Cut-off adjustment for prepayment of listing expenses (Note 2)	(1,229)	—	150	342	314
Cut-off adjustments for accrued listing expenses (Note 2)	(7,333)	7,333	—	—	—
Adjusted net cash generated from operating activities *(Note 3)*	14,274	2,931	18,139	17,843	18,412

Notes:

1. Listing expenses comprise the Group's expenses relating to the Listing and the application for the Transfer of Listing.

2. At the end of each reporting period, the Group recorded prepaid/accrued listing expenses in other receivables/other payables regarding fees prepaid/accrued to professional parties in connection with the Listing and the Transfer of Listing. The movements of these prepayments/accruals were included in the adjustment for working capital changes in the cash flows from operating activities in the consolidated statement of cash flows of the Group. To facilitate the comparison of net cash generated from operating activities attributable to its ordinary business during the Track Record Period, the Group eliminates the effect of the movements of such prepayments/accruals to the Group's net cash generated from operating activities for illustrative purpose.

3. Adjusted net cash generated from operating activities is not a financial measure under HKFRS and is presented to provide information for evaluation of the Group's cash flows during the Track Record Period.

Net cash used in investing activities

For the year ended 31 March 2017, the Group recorded net cash used in investing activities of approximately HK$1.9 million, primarily as a result of the purchase of property, plant and equipment of approximately HK$1.9 million.

For the year ended 31 March 2018, the Group recorded net cash used in investing activities of approximately HK$5.4 million, primarily as a result of the purchase of property, plant and equipment of approximately HK$5.2 million.

For the year ended 31 March 2019, the Group recorded net cash used in investing activities of approximately HK$3.6 million, primarily as a result of the purchase of property, plant and equipment of approximately HK$3.6 million.

For the nine months ended 31 December 2018, the Group recorded net cash used in investing activities of approximately HK$3.4 million, primarily as a result of the purchase of property, plant and equipment of approximately HK$3.4 million.

For the nine months ended 31 December 2019, the Group recorded net cash used in investing activities of approximately HK$0.5 million, primarily as a result of the purchase of property, plant and equipment of approximately HK$0.5 million.

Net cash generated from/(used in) financing activities

For the year ended 31 March 2017, the Group recorded net cash generated from financing activities of approximately HK$38.4 million. This was a result of proceeds from bank borrowings of approximately HK$260.0 million and gross proceeds from issuance of the Shares of approximately HK$63.0 million in relation to its Listing, which was partly offset by repayment of bank borrowings of approximately HK$275.8 million and share issue expenses of approximately HK$8.8 million.

For the year ended 31 March 2018, the Group recorded net cash used in financing activities of approximately HK$22.1 million. This was a result of repayment of bank borrowings of approximately HK$269.0 million and partly offset by the proceeds from bank borrowings of approximately HK$246.9 million.

For the year ended 31 March 2019, the Group recorded net cash used in financing activities of approximately HK$18.2 million. This was a result of repayment of bank borrowings of approximately HK$11.8 million and dividend paid of approximately HK$10.0 million, which was partly offset by the proceeds from bank borrowings of approximately HK$3.6 million.

For nine months ended 31 December 2018, the Group recorded net cash used in financing activities of approximately HK$15.4 million. This was a result of repayment of bank borrowings of approximately HK$9.1 million and dividend paid of approximately HK$10.0 million, which was partly offset by the proceeds from bank borrowings of approximately HK$3.6 million.

For nine months ended 31 December 2019, the Group recorded net cash used in financing activities of approximately HK$10.5 million. This was primarily a result of dividend paid of approximately HK$10.0 million.

WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Group's internal resources and existing facilities available to the Group, the Group has sufficient working capital for its requirements for at least the next 12 months from the date of this announcement.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that subsequent to Track Record Period and up to the date of this announcement, there has been no material adverse change in the financial or trading position or prospects of the Group and there have been no trends or developments which may have a material adverse impact on the Group's business operations or financial performance.

USE OF PROCEEDS

The net proceeds from the share offer, after deducting listing related expenses, were approximately HK$40.1 million. As at 31 December 2019, the Group has used up approximately HK$34.4 million of the net proceeds in accordance with the proposed usage set out in the section headed "Statement of business objectives and use of proceeds — Reasons for the share offer and use of proceeds" in the Prospectus. An analysis of the utilisation of the net proceeds from share offer as at 31 December 2019 is set out below:

	Planned use of net proceeds as stated in the Prospectus up to 31 March 2019 *HK$' million*	**Actual use of net proceeds up to 31 December 2019** *HK$' million*
For strengthening the Group's available financial resources to finance cash flow mismatch under the Tender Contracts	18.1	18.1
For increasing the market penetration by strengthen the promotion of the Group's brand	2.8	2.0
For strengthening the established position in the environmental services industry in Hong Kong	7.6	7.6
For enhancing the information technology system to strengthen operational efficiency and service qualities	7.6	2.7
For the use as general working capital of the Group	4.0	4.0
	40.1	34.4

As at 31 December 2019, the unutilised net proceeds amounted to approximately HK$5.7 million, which was intended to be utilised for (i) enhancing the information technology system to strengthen operational efficiency and service qualities as to approximately HK$4.9 million; and (ii) increasing the market penetration by strengthen the promotion of the Group's brand as to approximately HK$0.8 million.

While the Group relocated its head office on 27 December 2017, the Group's IT department focused on setting up the new office and installation of new hardware and software. Furthermore, the IT department also carried out migration of computers data, installation of virus and ransomwares protection software and parallel backup system to office devices in new office. Hence, the upgrade of the Group's information technology system was delayed.

The Group plans to apply the unutilised net proceeds by (i) approximately HK$1.8 million on existing server improvement and addition of IT equipment at head office, remote sever site and worksites; and (ii) approximately HK$3.1 million mainly for procuring cloud storage, SharePoint development, VR training and addition of IT equipment at head office and worksites by/before the year ending 31 March 2021.

For the unutilised net proceeds for the promotion of the Group's brand, the Groups plans to allocate approximately HK$0.8 million for (i) social media management; and (ii) distribution of marketing materials by/before the year ending 31 March 2021, respectively.

As at the date of this announcement, the Directors confirm that the Group does not intend to have material changes on its future plans and use of proceeds.

Comparison of business objectives with actual business progress

The analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from 16 March 2017, the date on which the Shares were first listed on GEM, to 31 March 2019 is set out in the "Management discussion and analysis" section of the annual report of the Company for the year ended 31 March 2019.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for viewing on the respective websites of the Company at www.winsongrouphk.com and of the Stock Exchange at www.hkexnews.hk:

(a) the Articles and the memorandum of associations of the Company;

(b) the third quarterly report of the Company for the nine months ended 31 December 2019;

(c) the interim report of the Company for the six months ended 30 September 2019;

(d) the first quarterly report of the Company for the three months ended 30 June 2019;

(e) the report of the Directors and annual report of the Company for each of the three years ended 31 March 2017, 2018 and 2019;

(f) the circulars of the Company dated 27 June 2017, 20 June 2018 and 10 June 2019 in relation to the proposals involving general mandates to issue new Shares and repurchase Shares, re-election of Directors and notice of annual general meeting; and

(g) each of the announcements and other corporate communications made by the Company prior to the date of this announcement as required under the GEM Listing Rules and the Main Board Listing Rules.

DEFINITIONS

In this announcement, the following terms shall have the meanings set opposite them unless the context requests otherwise:

"Articles"	the articles of association of the Company adopted on 21 February 2017 and as amended from time to time
"Board"	the board of Directors
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"close associate(s)"	has the meaning ascribed to it under the Main Board Listing Rules
"Company"	Winson Holdings Hong Kong Limited (永順控股香港有限公司), a company incorporated in the Cayman Islands and the Shares of which are currently listed on GEM
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Main Board Listing Rules and in the context of this announcement, refers to Sze's Holdings, Rich Cheer, Madam Ng, Ms. Sze Tan Nei and Mr. Sze Wai Lun
"Director(s)"	the director(s) of the Company
"Frost & Sullivan Report"	an industry report commissioned by the Company and prepared by Frost & Sullivan Limited
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
"Group"	the Company and its subsidiaries

"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"HKFRSs"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Government"	the government of Hong Kong
"Latest Practicable Date"	24 May 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this announcement
"Listing"	the listing of Shares on GEM of the Stock Exchange since 16 March 2017
"Madam Ng"	Madam Ng Sing Mui (吳醒梅), the mother of Ms. Sze Tan Nei and Mr. Sze Wai Lun, a co-founder of the Group, an executive Director and the chairperson of the Company, and one of the Controlling Shareholders
"Main Board"	the stock market operated by the Stock Exchange prior to the establishment of GEM (excluding the option market) which stock market continues to be operated by the Stock Exchange in parallel with GEM. For the avoidance of doubt, the Main Board excludes GEM
"Main Board Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Municipal Solid Waste Charging Scheme"	the proposed scheme of the Hong Kong government to implement municipal solid waste charging
"MTR"	MTR Corporation Limited, a company listed on the Main Board (stock code: 0066)
"PRC"	the People's Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme conditionally adopted by the Company on 21 February 2017
"Prospectus"	the listing document of the Company dated 28 February 2017
"Quotations"	quotations and one-off contracts which are not Tender Contracts
"Rich Cheer"	Rich Cheer Development Limited (豐悅發展有限公司), a company incorporated in Hong Kong on 6 December 2014 with limited liability and the trustee of the Sze Family Trust, the sole shareholder and director of which is Madam Ng
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 in the capital of the Company
"Share Option Scheme"	the share option scheme conditionally approved and adopted by the Company on 21 February 2017
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Sze Family Trust"	a family trust set up by Madam Ng, the assets of which comprise the entire issued share capital of Sze's Holdings and such additional sum or sums of money or other property as the settlor of the trust may pay to or transfer to the trustee
"Sze's Holdings"	Sze's Holdings Limited (施氏控股有限公司), a company incorporated in the British Virgin Islands with limited liability on 2 December 2014 and is wholly-owned by Rich Cheer as the trustee of the Sze Family Trust
"Tender Contracts"	the contracts the Group entered into with customers obtained by tendering which usually require recurring services for a specific period

"Track Record Period"	the three years ended 31 March 2019 and nine months ended 31 December 2019
"Transfer of Listing"	the transfer of listing of the Shares from GEM to the Main Board
"Wealthy Strong"	Wealthy Strong Investment Limited (富強投資有限公司), a company incorporated in Hong Kong with limited liability on 24 October 1991 and an indirect wholly-owned subsidiary of the Company
"Winson Cleaning"	Winson Cleaning Service Company Limited (永順清潔服務有限公司), a company incorporated in Hong Kong with limited liability on 9 December 1983 and an indirect wholly-owned subsidiary of the Company
"Winson Pest Control"	Winson Professional Pest Control Company Limited (威信專業滅蟲有限公司), a company incorporated in Hong Kong with limited liability on 28 September 1993 and an indirect wholly-owned subsidiary of the Company
"%"	per cent

By order of the Board
Winson Holdings Hong Kong Limited
Ng Sing Mui
Chairperson and executive Director

Hong Kong, 3 June 2020

As at the date hereof, the executive Directors are Madam Ng Sing Mui, Ms. Sze Tan Nei, Mr. Ang Ming Wah and Mr. Sze Wai Lun; and the independent non-executive Directors are Mr. Yuen Ching Bor Stephen, Mr. Chung Koon Yan, Mr. Ma Kwok Keung, Mr. Wong Yat Sum and Mr. Chan Chun Sing.

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

This announcement will remain on the GEM's website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the date of its posting, on the website of the Stock Exchange at www.hkexnews.hk and on the website of the Company at www.winsongrouphk.com.