

Man Shun Group (Holdings) Limited 萬順集團(控股)有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 1746

Interim Report

2026



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. CHEUNG Yuen Tung (*Chairman*)

Mr. CHEUNG Yuen Chau

Independent non-executive Directors

Mr. PANG Kam Fai, Dickson

Mr. LAW Chung Lam, Nelson

Ms. NGAI Yuk Chun

AUDIT COMMITTEE

Ms. NGAI Yuk Chun (*Chairman*)

Mr. PANG Kam Fai, Dickson

Mr. LAW Chung Lam, Nelson

REMUNERATION COMMITTEE

Mr. PANG Kam Fai, Dickson (*Chairman*)

Mr. LAW Chung Lam, Nelson

Ms. NGAI Yuk Chun

NOMINATION COMMITTEE

Mr. LAW Chung Lam, Nelson (*Chairman*)

Mr. PANG Kam Fai, Dickson

Ms. NGAI Yuk Chun

AUTHORISED REPRESENTATIVE

Mr. CHEUNG Yuen Tung

Ms. LO Wan Man

COMPANY SECRETARY

Ms. LO Wan Man

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Nanyang Commercial Bank, Limited

AUDITOR

D & Partners CPA Limited

Certified Public Accountants

Registered Public Interest Entity Auditor

Suites 710–713, 7/F.,

12 Taikoo Wan Road

Taikoo, Hong Kong

REGISTERED OFFICE

Cricket Square

Hutchins Drive

PO Box 2681

Grand Cayman KY1-1111

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Cheung Fung Industrial Building

Nos. 23–39 Pak Tin Par Street

Tsuen Wan, New Territories

Hong Kong

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

STOCK CODE

01746

COMPANY'S WEBSITE

<http://www.manshungroup.com.hk>

Unaudited Interim Results

The board (the “**Board**”) of directors (the “**Directors**”) of Man Shun Group (Holdings) Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2026 (the “**Reporting Period**”), together with the unaudited comparative figures for corresponding period in 2025 (the “**Corresponding Period**”), as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Notes	Six months ended 30 June	
		2026 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited)
Revenue	4	61,850	44,017
Cost of services		(54,550)	(34,647)
Gross profit		7,300	9,370
Other income	5	3,924	1,529
Administrative expenses		(12,431)	(12,307)
Finance costs	6(a)	(19)	(38)
Loss before taxation	6	(1,226)	(1,446)
Income tax credit	7	–	–
Loss and total comprehensive expense for the period		(1,226)	(1,446)
		HK cents	HK cents
Loss per share	9		
Basic		(0.12)	(0.14)
Diluted		(0.12)	(0.14)

Condensed Consolidated Statement of Financial Position

At 30 June 2026

	Notes	30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Non-current asset			
Property, plant and equipment	10	1,219	1,748
Current assets			
Inventories	11	1,731	2,337
Trade and other receivables	12	43,738	39,376
Contract assets		23,312	11,241
Cash at bank and in hand	13	71,299	84,995
		140,080	137,949
Current liabilities			
Trade and other payables	14	19,740	15,702
Contract liabilities		3,873	4,360
Lease liabilities		310	975
		23,923	21,037
Net current assets		116,157	116,912
Total assets less current liabilities		117,376	118,660
Non-current liability			
Lease liabilities		135	193
Deferred tax liabilities		13	13
		148	206
Net assets		117,228	118,454
Capital and reserves			
Share capital	15	10,000	10,000
Reserves		107,228	108,454
Total equity		117,228	118,454

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026

	Share capital <i>HK\$'000</i>	Merger reserve <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	(Accumulated losses)/ Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2026 (audited)	10,000	2,010	107,850	(1,406)	118,454
Loss and total comprehensive expense for the period	–	–	–	(1,226)	(1,226)
At 30 June 2026 (unaudited)	10,000	2,010	107,850	(2,632)	117,228
At 1 January 2025 (audited)	10,000	2,010	107,850	1,107	120,967
Loss and total comprehensive expense for the period	–	–	–	(1,446)	(1,446)
At 30 June 2025 (unaudited)	10,000	2,010	107,850	(339)	119,521

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Operating activities		
Loss before taxation	(1,226)	(1,446)
Adjustments for:		
Finance costs	19	38
Depreciation of property, plant and equipment	190	166
Depreciation of right-of-use assets	644	695
Gain on early termination of lease	(4)	–
Interest income	(642)	(703)
Operating cash flows before movements in working capital	(1,019)	(1,250)
Decrease/(increase) in inventories	606	(269)
(Increase)/decrease in trade and other receivables	(4,186)	12,758
Net movement in contract assets/contract liabilities	(12,558)	5,307
Increase/(decrease) in trade and other payables	4,038	(2,112)
Net cash (used in)/generated from operating activities	(13,119)	14,434
Hong Kong Profits Tax refund	–	203
Net cash (used in)/generated from operating activities	(13,119)	14,637
Investing activities		
Payment for purchase of property, plant and equipment	(379)	(12)
Interest received	466	631
Net cash generated from investing activities	87	619
Financing activities		
Capital element of lease rental paid	(645)	(704)
Interest element of lease rental paid	(19)	(38)
Cash used in financing activities	(664)	(742)
Net (decrease)/increase in cash and cash equivalents	(13,696)	14,514
Cash and cash equivalents at the beginning of the period	84,995	65,023
Cash and cash equivalents at the end of the period	71,299	79,537

Notes to the Condensed Consolidated Interim Financial Statements

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company (the “**Shares**”) were listed on the Main Board of the Stock Exchange of Hong Kong (the “**Stock Exchange**”) on 11 July 2018.

The address of its registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the address of its principal place of business is at Room 1908, 19th Floor, Cheung Fung Industrial Building, Nos. 23–39 Pak Tin Par Street, Tsuen Wan, New Territories, Hong Kong.

The Group are principally engaged in provision of installation of heat, ventilation and air-conditioning system (the “**HVAC**”) in Hong Kong.

2. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with the Hong Kong Accounting Standard (“**HKAS**”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the Group’s annual consolidated financial statements for the year ended 31 December 2025, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

Notes to the Condensed Consolidated Interim Financial Statements

2. BASIS OF PREPARATION *(Continued)*

These condensed consolidated interim financial statements are presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with HKFRS Accounting Standards and should be read in conjunction with the 2025 consolidated financial statements.

The interim financial report for the six months ended 30 June 2026 is unaudited but has been reviewed by the Audit Committee of the Company.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

These amendments have no material impact on the Group’s financial positions and performances for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The changes in accounting policies are also expected to be reflected in the Group’s consolidated financial statements as at and for the year ending 31 December 2026.

Notes to the Condensed Consolidated Interim Financial Statements

4. REVENUE AND SEGMENT INFORMATION

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

Revenue is disaggregated as follows:

By timing of revenue recognition:

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Products transferred at a point in time	18,536	15,133
Services transferred over time	43,314	28,884
	61,850	44,017

By type of services:

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Installation services only	17,409	10,734
Installation services with HVAC systems procurement	44,441	33,283
	61,850	44,017

Geographical information

The Group's operations are solely located in Hong Kong.

Notes to the Condensed Consolidated Interim Financial Statements

5. OTHER INCOME

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	642	703
Repair and other services income	2,812	771
Sale of materials	384	53
Gain on early termination of lease	4	–
Sundry income	82	2
	3,924	1,529

6. LOSS BEFORE TAXATION

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

a. Finance costs

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on lease liabilities	19	38

Notes to the Condensed Consolidated Interim Financial Statements

6. LOSS BEFORE TAXATION (Continued)

b. Staff costs (including directors' emoluments)

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, wages and other benefits	10,655	11,182
Contributions to defined contribution retirement plan	377	405
	11,032	11,587

c. Other items

	Six months ended 30 June	
	2026	2025
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Depreciation on owned property, plant and equipment	190	166
Depreciation on right-of-use assets including in administrative expenses	371	429
Depreciation on right-of-use assets including in cost of services	273	266
	834	861
Gain on early termination of lease	(4)	—

Notes to the Condensed Consolidated Interim Financial Statements

7. INCOME TAX CREDIT

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries in Hong Kong have either sustained losses for tax purpose or their unused tax losses were sufficient to cover their estimated assessable profits for the six months ended 30 June 2026 and 2025.

8. DIVIDENDS

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2026 (six months ended 30 June 2025: nil).

9. LOSS PER SHARE

a. Basic loss per share

The basic loss per share is calculated based on the loss attributable to ordinary equity shareholders of the Company for the period of approximately HK\$1,226,000 (six months ended 30 June 2025: HK\$1,446,000) and the weighted average of 1,000,000,000 ordinary shares (six months ended 30 June 2025: 1,000,000,000 ordinary shares) in issue during the period.

b. Diluted loss per share

The amount of dilutive loss per share is the same as basic loss per share for the six months ended 30 June 2026 and 2025 as there were no dilutive potential ordinary shares in issue.

Notes to the Condensed Consolidated Interim Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT

a. Reconciliation of carrying amount:

	Leasehold improvements HK\$'000	Other properties leased for own use HK\$'000	Furniture and equipment HK\$'000	Computer and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:						
At 1 January 2025 (audited)	748	6,415	112	788	3,984	12,047
Additions	–	1,549	–	289	–	1,838
At 31 December 2025 (audited) and 1 January 2026 (audited)	748	7,964	112	1,077	3,984	13,885
Additions	–	–	–	9	370	379
Early termination of lease	–	(312)	–	(109)	–	(421)
At 30 June 2026 (unaudited)	748	7,652	112	977	4,354	13,843
Accumulated depreciation:						
At 1 January 2025 (audited)	748	5,698	111	652	3,177	10,386
Charge for the period	–	1,341	1	89	320	1,751
At 31 December 2025 (audited) and 1 January 2026 (audited)	748	7,039	112	741	3,497	12,137
Charge for the period	–	615	–	43	176	834
Elimination of early termination of lease	–	(260)	–	(87)	–	(347)
At 30 June 2026 (unaudited)	748	7,394	112	697	3,673	12,624
Net book value:						
At 31 December 2025 (audited)	–	925	–	336	487	1,748
At 30 June 2026 (unaudited)	–	258	–	280	681	1,219

Notes to the Condensed Consolidated Interim Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

b. Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

		30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
	<i>Notes</i>		
Other properties leased for own use	(i)	258	925
Computer and office equipment	(ii)	176	226
		434	1,151

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Depreciation charge of right-of-use assets by class of underlying asset:		
Other properties leased for own use	615	1,341
Computer and office equipment	29	72
	644	1,413
Gain on early termination of lease	4	—
Interest on lease liabilities	19	62

During the period, there is no additions to right-of-use assets (Corresponding Period: approximately HK\$668,000). The amount of the Corresponding Period included the capitalised lease payments payable under lease of office premises.

Notes to the Condensed Consolidated Interim Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

b. Right-of-use assets *(Continued)*

(i) **Other properties leased for own use**

The Group has obtained the right to use other properties as its office premises and warehouses through tenancy agreements. The leases typically run for an initial period of 1 to 2 years.

The leases do not include an option to renew the lease for an additional period after the end of the contract term.

(ii) **Computer and office equipment**

The Group leases office equipment under leases expiring from 1 to 5 years. Leases include an option to purchase the leased office equipment at the end of the lease term at a price deemed to be a bargain purchase option. None of the leases includes variable lease payments.

11. INVENTORIES

	30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Raw materials	1,731	2,337

Notes to the Condensed Consolidated Interim Financial Statements

12. TRADE AND OTHER RECEIVABLES

	30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Trade receivables, net of loss allowance	16,841	16,466
Deposits, prepayment and other receivables, net of loss allowance	1,844	1,010
Retention receivables, net of loss allowance	25,053	21,900
	43,738	39,376

At 30 June 2026 and 31 December 2025, the amounts of retention receivables expected to be recovered after more than one year are approximately HK\$13,004,000 and HK\$16,929,000 respectively. All of the other trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

At 30 June 2026 and 31 December 2025, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the date of payment certificate and net of loss allowances, is as follows:

	30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Within 1 month	14,634	13,531
1 to 3 months	2,083	2,841
Over 3 months	124	94
	16,841	16,466

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

Notes to the Condensed Consolidated Interim Financial Statements

13. CASH AND CASH EQUIVALENTS

	30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Cash at banks and in hand and cash and cash equivalents in the consolidated cash flow statement	71,299	84,995

14. TRADE AND OTHER PAYABLES

	30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Trade payables	11,797	5,730
Accrued subcontracting costs	4,174	6,324
Other payables and accruals	3,622	3,501
Provision for long service payment	147	147
	19,740	15,702

At 30 June 2026 and 31 December 2025, the ageing analysis of trade payables, based on the invoice date, is as follows:

	30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Within 1 month	6,935	4,198
1 to 2 months	4,723	528
2 to 3 months	—	267
Over 3 months	139	737
	11,797	5,730

Notes to the Condensed Consolidated Interim Financial Statements

15. SHARE CAPITAL

The share capital of the Company as at 30 June 2026 and 31 December 2025 is as follows:

	Number of shares	<i>HK\$'000</i>
Authorised ordinary shares of \$0.01 each		
At 1 January 2025 (audited), 31 December 2025 (audited), 1 January 2026 (audited) and 30 June 2026 (unaudited)	5,000,000,000	50,000
Ordinary shares, Issued and fully paid		
At 1 January 2025 (audited), 31 December 2025 (audited), 1 January 2026 (audited) and 30 June 2026 (unaudited)	1,000,000,000	10,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

Notes to the Condensed Consolidated Interim Financial Statements

16. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2026 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited)
Lease payments paid to related companies	570	570

17. EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme (“**the MPF scheme**”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of HK\$30,000.

Contributions to the provident fund by the Group for its employees are fully and immediately vested in the employees once the contribution are made. There are no contributions forfeited by the Group on behalf of its employees who leave the plan prior to vesting fully in such contribution. Hence, there is no forfeited contributions which may be used by the Group to reduce the existing level of contributions.

18. CAPITAL COMMITMENTS

The Group did not have any significant capital commitments as at 30 June 2026 and 31 December 2025.

Notes to the Condensed Consolidated Interim Financial Statements

19. CONTINGENT LIABILITIES

At 30 June 2026, contingent liabilities authorised but not provided for in the consolidated financial statements were as follows:

	30 June 2026 HK\$'000 (unaudited)	31 December 2025 HK\$'000 (audited)
Court proceedings (<i>note</i>)	872	872

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

Management Discussion and Analysis

BUSINESS REVIEW

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

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

During the first half of 2026, Hong Kong’s construction industry demonstrated early signs of recovery, supported mainly by increased public infrastructure investment and the advancement of Northern Metropolis developments. However, private-sector construction activity remained weak, and fierce competition for a limited pool of projects continued to exert pressure on contractors’ profit margins. During the Reporting Period, the Group recorded a net loss of approximately HK\$1,226,000.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

By type of services:

	Six months ended 30 June							
	2026		Gross profit margin	Revenue	2025		Gross profit margin	Revenue
	Revenue HK\$'000 (unaudited)	Gross profit % HK\$'000 (unaudited)			Revenue HK\$'000 (unaudited)	Gross profit % HK\$'000 (unaudited)		
Installation services only	17,409	28	4,678	27	10,734	24	2,855	27
Installation services with HVAC systems procurement	44,441	72	2,622	6	33,283	76	6,515	20
	61,850	100	7,300	12	44,017	100	9,370	21

By timing of revenue recognition:

	Six months ended 30 June			
	2026		2025	
	HK\$'000 (unaudited)	%	HK\$'000 (unaudited)	%
Services transferred over time	43,314	70	28,884	66
Products transferred at a point in time	18,536	30	15,133	34
	61,850	100	44,017	100

During the Reporting Period, the Group's revenue increased by approximately HK\$17,833,000 or approximately 40.5% to HK\$61,850,000 (Corresponding Period: approximately HK\$44,017,000). The increase was mainly due to a large scale project with substantial portion of contract revenue recorded during the Reporting Period in accordance with the project execution progress.

Management Discussion and Analysis

Cost of services

	Six months ended 30 June			
	2026		2025	
	HK\$'000	%	HK\$'000	%
	(unaudited)		(unaudited)	
Subcontracting fees	21,153	39	18,082	52
Materials and consumables	27,422	50	8,870	26
Direct labour	4,958	9	5,215	15
Storage fee	273	1	1,219	3
Others	744	1	1,261	4
Total	54,550	100	34,647	100

The Group's cost of services mainly represented cost of HVAC systems and other ancillary consumables such as pipes and fittings, and subcontracting charges for completing on site works. The cost of services increased by approximately HK\$19,903,000 or 57.4% to approximately HK\$54,550,000 for the Reporting Period, as compared to approximately HK\$34,647,000 for the Corresponding Period. The increase was mainly due to the increase in revenue and the increase in materials and consumables because the raw materials prices increase significantly during the Reporting Period.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately HK\$2,070,000 or 22.1% from approximately HK\$9,370,000 for the Corresponding Period to approximately HK\$7,300,000 for the Reporting Period.

The gross profit margin for the Reporting Period was decreased from approximately 21.3% for the Corresponding Period to approximately 11.8% for the Reporting Period. The decrease was mainly due to the increase in the cost of purchasing materials and lower profit margin for projects with HVAC system procurements.

Other income

The other income increased by approximately HK\$2,395,000 from approximately HK\$1,529,000 for the Corresponding Period to approximately HK\$3,924,000 for the Reporting Period.

The increase was mainly due to a surge in revenue derived from repairment works and other services income for the Reporting Period.

Management Discussion and Analysis

Administrative expenses

Administrative expenses mainly comprised of staff costs, meals and entertainment expenses, depreciation expenses, transportation expenses and others. Administrative expenses slightly increased from approximately HK\$12,307,000 for the Corresponding Period to approximately HK\$12,431,000 for the Reporting Period. The increase of administrative expenses of the Group was mainly due to the increase in the legal and professional fee.

Finance costs

Finance costs of approximately HK\$19,000 for the Reporting Period represented interest expenses on lease liabilities.

Income tax

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

Total comprehensive expense attributable to equity shareholders of the Company

For the Reporting Period, the Group's loss and total comprehensive expense attributable to equity shareholders of the Company was approximately HK\$1,226,000 (Corresponding Period: approximately HK\$1,446,000).

Dividend

The Board does not recommend any interim dividend for the Reporting Period (Corresponding Period: nil).

Trade and other receivables

Trade receivables increased by 2.3% from approximately HK\$16,466,000 as at 31 December 2025 to approximately HK\$16,841,000 as at 30 June 2026.

Retention receivables increased by HK\$3,153,000 from approximately HK\$21,900,000 as at 31 December 2025 to approximately HK\$25,053,000 as at 30 June 2026. The increase in retention receivables was the net effect of retention released and the progress of the projects.

Management Discussion and Analysis

Deposits, prepayment and other receivables increased by HK\$834,000 from approximately HK\$1,010,000 as at 31 December 2025 to approximately HK\$1,844,000 as at 30 June 2026. The increase was mainly due to a 5% withholding fee of approximately HK\$746,000 for a project which is expected to be recovered in the third quarter of 2026.

Trade payables

Trade payables increased by 105.9% from approximately HK\$5,730,000 as at 31 December 2025 to approximately HK\$11,797,000 as at 30 June 2026. The increase was mainly driven by significant purchases of air-conditioner of approximately HK\$5,600,000 for installation in June 2026.

FUTURE PROSPECTS

The construction industry is expected to remain challenging amid keen market competition, rising raw material costs and a limited pool of projects. These factors may continue to exert pressure on profit margins and tender prices.

Despite the challenging construction environment, the Group remains proactive and committed to strengthening its market position. Leveraging its established track record, technical expertise and strong client relationships, the Group will continue to actively pursue and secure new projects. As a result of the endure hard work by the management, one new project of total contract sum of approximately HK\$100 million was awarded to the Group during the Reporting Period.

The Group is also committed to improving operational efficiency through prudent cost management, strategic procurement and stringent control over direct and operating costs. These measures are expected to minimise the direct cost and enhance productivity.

Looking ahead, the Group will further strengthen its service capabilities to seize business opportunities and provide customers with comprehensive HVAC and E&M engineering services. Coupled with a prudent financial management approach, the Group is committed to pursuing sustainable long-term growth while delivering stable returns to the shareholders.

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2026, the Group's working capital was financed by internal resources. The quick ratio of the Group, which is calculated based on the current assets less inventories divided by current liabilities was approximately 5.8 times (31 December 2025: approximately 6.4 times). The Group generally financed its daily operations from generated cash flows internally. The Group financed its business expansion and new business opportunities from the net proceeds. The remaining unused net proceeds as at 30 June 2026 were placed as interest bearing deposits with licensed bank in Hong Kong.

CAPITAL STRUCTURE

Details of the Company's share capital are set out in Note 15 to the unaudited consolidated financial statements in this report.

FINANCIAL POLICIES

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

GEARING RATIO

The Group's gearing ratio, which is calculated based on the total debt divided by total equity (defined as lease liabilities as at the respective period/year end divided by total equity as at the respective corresponding periods) was approximately 0.4% as at 30 June 2026 (As at 31 December 2025: approximately 1.0%).

The Group's debt to equity ratio, which is calculated based on the total debt (defined as the lease liabilities minus cash and cash equivalents as at the respective period/year end divided by total equity as at the respective corresponding periods) was not applicable due to the Group recorded net cash position as at 30 June 2026.

Management Discussion and Analysis

CAPITAL EXPENDITURE

During the six months ended 30 June 2026, the Group invested approximately HK\$379,000 (Corresponding Period: approximately HK\$680,000) in property, plant and equipment, mainly represented a motor vehicle and computer equipments.

CAPITAL COMMITMENTS

As at 30 June 2026, the Group had no significant capital commitments.

CONTINGENT LIABILITIES

As at 30 June 2026, contingent liabilities not provided for in the condensed consolidated financial statements are set out in Note 19 to the unaudited consolidated financial statements in this report.

SUBSEQUENT EVENT

There is no material subsequent event undertaken by the Company or by the Group after 30 June 2026 and up to the date of this report.

CHARGES ON THE GROUP'S ASSETS

No property, plant and equipment has been pledged as at 30 June 2026 and 2025.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the Reporting Period, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

Management Discussion and Analysis

FOREIGN EXCHANGE RISK MANAGEMENT

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

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

INFORMATION ON EMPLOYEES

As at 30 June 2026, the Group employed 55 employees (at 31 December 2025: 59 employees) with total staff cost (including Director's emoluments) of approximately HK\$11,032,000 incurred for the Reporting Period (Corresponding Period: approximately HK\$11,587,000). The Group's remuneration packages are generally structured with reference to market terms and individual merits.

DEED OF NON-COMPETITION

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

Management Discussion and Analysis

COMPETING INTEREST

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

USE OF PROCEEDS

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

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

	Net proceeds <i>HK\$'000</i>	Utilised <i>HK\$'000</i>	Unutilised <i>HK\$'000</i>	Expected timeline
Procurement of HVAC systems	87,654	87,654	–	End of 2026
Taking out surety bonds	4,608	4,226	382	
General working capital	10,138	10,138	–	
	102,400	102,018	382	

Other Information

DISCLOSURE OF INTEREST

Directors' and chief executive's interests and short positions in Shares and underlying Shares and debentures of the Company and its associated corporations

As at 30 June 2026, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") (Cap.571 of the Laws of Hong Kong)) which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules, are set out below:

(i) Long positions in the Share

Name of Director	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Cheung Yuen Tung (" Tony Cheung ") (note)	Interest in controlled corporation	750,000,000	75%
Mr. Cheung Yuen Chau (" Gary Cheung ") (note)	Interest in controlled corporation	750,000,000	75%

Note: Prime Pinnacle Limited ("**Prime Pinnacle**") is beneficially owned as to 51% by Mr. Tony Cheung and 49% by Mr. Gary Cheung. On 12 March 2018, Mr. Tony Cheung and Mr. Gary Cheung entered into the concert party deed to acknowledge and confirm, among other things, that they are parties acting in concert and are deemed to be interested in the shares held by Prime Pinnacle.

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Number of share(s) held	Approximate percentage of shareholding
Mr. Tony Cheung (note)	Prime Pinnacle	Beneficial owner	51	51%
Mr. Gary Cheung (note)	Prime Pinnacle	Beneficial owner	49	49%

Note: Prime Pinnacle is the direct shareholder of the Company and is an associated corporation within the meaning of Part XV of the SFO.

Substantial shareholders' interests and short positions in shares and underlying shares of the Company

So far as is known to any Director or chief executive of the Company, as at 30 June 2026, the following persons (other than a Director or a chief executive of the Company) had, or were taken or deemed to have interests or short positions in the Shares or underlying shares of the Company which are required to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/ Nature of interest	Number of Shares	Approximate percentage of shareholding
Prime Pinnacle (<i>note 1</i>)	Beneficial owner	750,000,000	75%
Ms. Chan Ho Fung (<i>note 2</i>)	Interest of spouse	750,000,000	75%
Ms. Cheng Phyllis Woon Kink (<i>note 3</i>)	Interest of spouse	750,000,000	75%

Notes:

- (1) Prime Pinnacle is beneficially owned as to 51% by Mr. Tony Cheung and 49% by Mr. Gary Cheung. On 12 March 2018, Mr. Tony Cheung and Mr. Gary Cheung entered into the concert party deed to acknowledge and confirm, among other things, that they are parties acting in concert and are deemed to be interested in the Shares held by Prime Pinnacle.
- (2) Ms. Chan Ho Fung is the spouse of Mr. Tony Cheung. Accordingly, Ms. Chan Ho Fung is deemed or taken to be interested in the shares in which Mr. Tony Cheung is interested under the SFO.
- (3) Ms. Cheng Phyllis Woon Kink is the spouse of Mr. Gary Cheung. Accordingly, Ms. Cheng Phyllis Woon Kink is deemed or taken to be interested in the shares in which Mr. Gary Cheung is interested under the SFO.

Save as disclosed above, the Company had not been notified by any other persons (other than Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were entered in the register kept by the Company pursuant to section 336 of the SFO as at 30 June 2026.

Other Information

SHARE OPTION SCHEME

Pursuant to a resolution passed by all the shareholders on 8 June 2018, the Company has conditionally adopted the share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives or rewards to the eligible participants for their contribution to the Group and enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. The Board is entitled at any time and from time to time grant options pursuant to the Share Option Scheme to the Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company’s subsidiaries and employees of the Group and any other persons (including consultants or advisers) whom the Board considers have contributed or will contribute to the Group. The Directors were authorised to grant options to subscribe for shares of the Company and to allot, issue and deal with the shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not, in aggregate, exceed 10% of the total number of shares in issue immediately following completion of the Global Offering (as defined in the Prospectus dated 28 June 2018), being 1,000,000,000 shares, excluding any shares that may be issued under the options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company), unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time.

Unless otherwise approved by the shareholders of the Company in general meeting, the number of shares that may be granted to an eligible participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 1% of the shares in issue of the Company within any 12-month period. Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors. Unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules, the number of shares that may be granted to a substantial shareholder or any independent non-executive Director or their respective associates under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 0.1% of the shares in issue, having an aggregate value in excess of HK\$5 million, within any 12-month period.

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

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

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE OF THE LISTING RULES

The Board has been adamant in upholding high standards of corporate governance to maximise the operational efficiency, corporate values and shareholder returns. The Company adopted sound governance and disclosure practices and continued to upgrade internal control system, strengthen risk control management and reinforce the corporate governance structure.

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), for the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS ("MODEL CODE")

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its code of conduct regarding directors' securities transactions. The Company has made specific enquiry of all Directors, they confirmed that they had complied with the required standard set out in the Model Code throughout the Reporting Period.

Other Information

AUDIT COMMITTEE

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

The Audit Committee has discussed with the management of the Group and reviewed the unaudited interim financial results of the Group for the Reporting Period, including the accounting principles and standards adopted by the Group, and discussed financial related matters. The interim financial report for the Reporting Period is unaudited but has been reviewed by the Audit Committee of the Company.

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

Hong Kong, 28 August 2026