



# IWS Group Holdings Limited

## 國際永勝集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8441

INTERIM REPORT  
2020



**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")**

**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 Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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This report, for which the directors (the "**Directors**") of IWS Group Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the "**Group**"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report 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 report misleading.

## CONTENTS

	<b>PAGE(S)</b>
<b>CORPORATE INFORMATION</b>	<b>3</b>
<b>FINANCIAL HIGHLIGHTS</b>	<b>4</b>
<b>MANAGEMENT DISCUSSION AND ANALYSIS</b>	<b>6</b>
<b>CORPORATE GOVERNANCE AND OTHER INFORMATION</b>	<b>11</b>
<b>REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>20</b>
<b>UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	<b>21</b>
<b>UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>22</b>
<b>UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>	<b>23</b>
<b>UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>24</b>
<b>NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>25</b>



IWS

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Ma Ah Muk (*Chairman*)  
Mr. Ma Kiu Sang  
Mr. Ma Kiu Mo  
Mr. Ma Kiu Man, Vince  
Mr. Ma Yung King, Leo

#### Independent non-executive Directors

Dr. Ng Ka Sing, David  
Ms. Chang Wai Ha  
Mr. Yau Siu Yeung

#### AUDIT COMMITTEE

Ms. Chang Wai Ha (*Chairlady*)  
Dr. Ng Ka Sing, David  
Mr. Yau Siu Yeung

#### REMUNERATION COMMITTEE

Mr. Yau Siu Yeung (*Chairman*)  
Mr. Ma Ah Muk  
Dr. Ng Ka Sing, David  
Ms. Chang Wai Ha

#### NOMINATION COMMITTEE

Mr. Yau Siu Yeung (*Chairman*)  
Mr. Ma Ah Muk  
Mr. Ma Kiu Sang  
Dr. Ng Ka Sing, David  
Ms. Chang Wai Ha

#### AUTHORISED REPRESENTATIVES

Mr. Ma Yung King, Leo  
Mr. Wong Chi Kong

#### COMPLIANCE OFFICER

Mr. Ma Yung King, Leo

#### COMPANY SECRETARY

Mr. Wong Chi Kong

#### LEGAL ADVISER

Iu, Lai & Li Solicitors and Notaries

#### COMPLIANCE ADVISER

Red Solar Capital Limited

#### AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
35/F, One Pacific Place  
88 Queensway  
Hong Kong

#### PRINCIPAL BANKER

Hang Seng Bank Limited

#### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1/F, Hang Seng Castle Peak Road Building  
339 Castle Peak Road  
Cheung Sha Wan, Kowloon  
Hong Kong

#### REGISTERED OFFICE

Cricket Square, Hutchins Drive  
PO Box 2681, Grand Cayman  
KY1-1111  
Cayman Islands

#### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square, Hutchins Drive  
P.O. Box 2681, Grand Cayman  
KY1-1111, Cayman Islands

#### BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 54 Hopewell Centre  
183 Queen's Road East  
Hong Kong

#### STOCK CODE

8441

#### WEBSITE

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

## FINANCIAL HIGHLIGHTS

### SELECTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	<b>98,826</b>	106,073	<b>173,595</b>	187,524
Profit before taxation	<b>40,667</b>	13,774	<b>51,640</b>	15,563
Profit and total comprehensive income for the period	<b>37,009</b>	11,207	<b>47,054</b>	11,806

### ADJUSTED NET PROFIT

	Three months ended		Six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit and total comprehensive income for the period	<b>37,009</b>	11,207	<b>47,054</b>	11,806
Adjustment for listing expenses	–	1,198	–	6,006
Adjusted net profit	<b>37,009</b>	12,405	<b>47,054</b>	17,812

### SELECTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

	As at	As at
	30 September	31 March
	2020	2020
	(HK\$'000)	(HK\$'000)
	(Unaudited)	(Audited)
Non-current assets	<b>13,962</b>	10,092
Current assets	<b>223,291</b>	200,066
Current liabilities	<b>50,859</b>	57,531
Net current assets	<b>172,432</b>	142,535
Non-current liabilities	<b>3,364</b>	651
Net assets/Total equity	<b>183,030</b>	151,976



## FINANCIAL HIGHLIGHTS

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2020 (HK\$'000) (Unaudited)	2019 (HK\$'000) (Unaudited)
Net cash from operating activities	<b>49,931</b>	26,637
Net cash (used in)/from investing activities	<b>(15)</b>	734
Net cash used in financing activities	<b>(12,565)</b>	(14,170)
Net increase in cash and cash equivalents	<b>37,351</b>	13,201
Cash and cash equivalents at beginning of period	<b>78,874</b>	27,096
Cash and cash equivalents at end of period	<b>116,225</b>	40,297

### KEY FINANCIAL RATIOS

	As at 30 September 2020/ For the six months ended 30 September 2020	As at 30 September 2019/ For the six months ended 30 September 2019
Adjusted net profit margin (%)	<b>27.1</b>	9.5 <sup>(1)</sup>
Adjusted return on equity (%)	<b>25.7<sup>(2)</sup></b>	56.7 <sup>(1&amp;2)</sup>
Adjusted return on total assets (%)	<b>19.8<sup>(2)</sup></b>	22.1 <sup>(1&amp;2)</sup>
Interest coverage (times)	<b>1,013.5</b>	24.8
Current ratio (times)	<b>4.4</b>	1.6
Quick ratio (times)	<b>4.4</b>	1.6
Gearing ratio (%)	<b>N/A</b>	73.4
Net debt to equity ratio (%)	<b>N/A</b>	9.1
Average trade receivables turnover days (days)	<b>106</b>	99

Notes:

- Ratio calculation excluded the non-recurring listing expenses of approximately HK\$6.0 million for the six months ended 30 September 2019.
- Annualised profit for the six months ended 30 September 2019 and 2020 has been used for ratio calculation.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is an established facility services provider, who specialises in providing security services with a growing focus on facility management services for the public and private sectors in Hong Kong. The Group has over 10 years' experience in providing security services at railway stations and facilities, sea, land and railway immigration control points and public amenities as well as crowd coordination and management services for large-scale events and emergency and critical incidents in Hong Kong.

For the six months ended 30 September 2020, amid the outbreak of COVID-19, and unstable economic and social environment in Hong Kong, the Group delivered a satisfying positive performance and demand for the Group's security and facility management services continued to grow. This is attributable to the well-established "IWS" brand, which stands for quality security services to its customers in Hong Kong.

## FINANCIAL OVERVIEW

### Revenue

The Group derives revenue from providing security services and facility management services across public and private sectors in Hong Kong. The Group's revenue decreased by approximately HK\$13.9 million, or 7.4% from approximately HK\$187.5 million for the six months ended 30 September 2019 to approximately HK\$173.6 million for the six months ended 30 September 2020.

### *Security services*

Revenue generated from the security services segment decreased by approximately HK\$13.6 million or 7.9% from approximately HK\$172.8 million for the six months ended 30 September 2019 to approximately HK\$159.1 million for the six months ended 30 September 2020, which is primarily due to general manned guarding services generating revenue of approximately HK\$75.5 million for the six months ended 30 September 2020, representing a decrease of approximately 35.8% from approximately HK\$117.5 million for the six months ended 30 September 2019. The decrease was primarily due to (i) the decrease in revenue derived from the ongoing Guangshengang XRL Contract (the "**XRL Contract**") with a Hong Kong railway corporation (the "**Railway Corporation**") due to the temporary suspension of Hong Kong West Kowloon Station in view of the measures to contain the COVID-19 outbreak during the six months ended 30 September 2020 where the revenue generated amounted to approximately HK\$59.8 million during the six months ended 30 September 2020; and (ii) the decrease in revenue derived from ad-hoc security services relating to public order events due to less ad-hoc security services were provided during the six months ended 30 September 2020, where the revenue generated amounted to approximately HK\$1.1 million during the six months ended 30 September 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Facility management services**

Revenue generated from facility management services decreased by approximately HK\$0.2 million, or 1.9% from approximately HK\$14.7 million for the six months ended 30 September 2019 to approximately HK\$14.5 million for the six months ended 30 September 2020. The decrease was primarily due to more ad-hoc services which were provided to customers during the six months ended 30 September 2019.

### **Employee benefit expenses**

Employee benefit expenses decreased by approximately HK\$47.8 million, or 30.2% from approximately HK\$158.4 million for the six months ended 30 September 2019 to approximately HK\$110.6 million for the six months ended 30 September 2020 mainly due to (i) decrease in total headcount for the ad-hoc security services contracts and XRL Contract; and (ii) government grants from the Employment Support Scheme of approximately HK\$25.9 million resulting in compensation for employee benefit expenses being net off against the employee benefit expenses.

### **Selling and marketing expenses**

Selling and marketing expenses decreased by approximately HK\$0.6 million or 51.2% from approximately HK\$1.1 million for the six months ended 30 September 2019 to approximately HK\$0.5 million for the six months ended 30 September 2020 mainly due to the recent COVID-19 outbreak which affects the demand for security services in the private sector.

### **Administrative expenses**

Administrative expenses increased by approximately HK\$6.5 million, or 115.7% from approximately HK\$5.6 million for the six months ended 30 September 2019 to approximately HK\$12.1 million for the six months ended 30 September 2020. This increase was mainly due to (i) an increase in legal and professional fees of approximately HK\$1.7 million resulting from listing compliance advisory fee and professional fee for new projects and tenders; and (ii) an increase in rental car and equipment, travelling and transportation services fees of approximately HK\$4.8 million as a result of the increase in new manpower support services related to provision of manpower at the deep throat saliva specimen collection centres and deep throat saliva specimen collection and delivery services (the "**Collection and Delivery Services**").

### **Income tax expense**

Income tax expenses increased by approximately HK\$0.8 million, or 22.1% from approximately HK\$3.8 million for the six months ended 30 September 2019 to approximately HK\$4.6 million for the six months ended 30 September 2020. The increase was primarily due to combined effects of the increase in assessable profit where non-taxable government grant income was received or receivable during the six months ended 30 September 2020 and non-deductible, non-recurring listing expenses was incurred during the six months ended 30 September 2019. The effective tax rate was approximately 24.1% and 8.9% for the six months ended 30 September 2019 and 2020, respectively. Excluding (i) the non-taxable government grant income of approximately HK\$25.9 million recognised for the six months ended 30 September 2020; and (ii) the non-recurring listing expenses of approximately HK\$6.0 million incurred for the six months ended 30 September 2019, which was non-deductible for taxation purpose, the effective tax rate would be approximately 17.4% and 17.8% for the six months ended 30 September 2019 and 2020, respectively, which is in line with the prevailing rate.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Profit and total comprehensive income for the period

As a result of the above-mentioned factors, profit and total comprehensive income for the period increased by approximately HK\$35.2 million, or 298.6% from approximately HK\$11.8 million for the six months ended 30 September 2019 to approximately HK\$47.1 million for the six months ended 30 September 2020. Net profit margin increased from approximately 6.3% for the six months ended 30 September 2019 to approximately 27.1% for the six months ended 30 September 2020. Excluding the non-recurring listing expenses of approximately HK\$6.0 million incurred in the six months ended 30 September 2019, adjusted profit and total comprehensive income for the six months ended 30 September 2019 amounted to approximately HK\$21.6 million and net profit margin increased to approximately 27.1% for the six months ended 30 September 2020 compared with approximately 9.5% for the six months ended 30 September 2019.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group's operation was financed principally by cash generated from its own business operations and bank borrowings.

As at 30 September 2020, the Group had bank balances and cash of approximately HK\$116.2 million, representing an increase of approximately HK\$37.4 million or 47.4% from approximately HK\$78.9 million as at 31 March 2020.

As at 30 September 2020, the Group had net current assets and net assets of approximately HK\$172.4 million (31 March 2020: HK\$142.5 million) and approximately HK\$183.0 million (31 March 2020: HK\$152.0 million), respectively. As at 30 September 2020, its current ratio calculated based on current assets divided by current liabilities of the Group was approximately 4.4 times as compared to approximately 3.5 times as at 31 March 2020.

As at 30 September 2020, total borrowings of the Group amounted to nil (31 March 2020: HK\$12.0 million) and total equity was approximately HK\$183.0 million (31 March 2020: HK\$152.0 million). The Group's gearing ratio, calculated based on total borrowings divided by total equity, was nil (31 March 2020: 7.9 times) as at 30 September 2020.

As at 30 September 2020, the Group had bank facilities with a limit of HK\$80.0 million of which HK\$29.4 million had been utilised.

As at 30 September 2020, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$183.0 million (31 March 2020: approximately HK\$152.0 million), comprising issued share capital and reserves. Since its shares were listed on GEM of the Stock Exchange on 22 October 2019, there has been no change in the capital structure of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FOREIGN EXCHANGE RISK

The majority of the Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollars. During the six months ended 30 September 2020, there was no material impact on the Group arising from the fluctuation in the foreign exchange rates. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the six months ended 30 September 2020.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 September 2020. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

### PERFORMANCE BOND

As at 30 September 2020, the Group had an outstanding performance bond of approximately HK\$29.4 million issued by the Group's bank with corporate guarantees from the Company to fulfil the obligation of providing contract securities using existing bank facilities for contracts with the Railway Corporation, the XRL Contract and the contracts with the Hong Kong Government in the Group's normal course of business.

### ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures for the six months ended 30 September 2020.

### SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 30 September 2020, the Group did not hold any significant investments.

### FUTURE PLANS FOR MATERIAL INVESTMENTS ON CAPITAL ASSETS

There is no plan authorised by the Board for material investments or additions of capital assets as at the date of this report.

### SHARE CAPITAL

Details of the share capital are set out in note 14 to the unaudited condensed consolidated financial statements.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **PLEDGE OF ASSETS**

There were no pledged assets as at 30 September 2020 (31 March 2020: Nil).

### **CAPITAL COMMITMENTS**

As at 30 September 2020, the Group did not have any material capital commitment (31 March 2020: Nil).

### **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2020, the Group had 1,611 employees (31 March 2020: 1,941 employees). Staff costs of the Group, including Directors' remuneration, were approximately HK\$110.6 million for the six months ended 30 September 2020 (30 September 2019: HK\$158.4 million). To ensure that it is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed regularly. In addition, discretionary bonus is offered to eligible employees subject to the Group's results and individual performance.

### **CONTINGENT LIABILITIES**

As at 30 September 2020, the Group did not have any significant contingent liabilities or guarantees (31 March 2020: Nil). The Group is not currently involved in any material legal proceedings, nor is it aware of any proceedings or potential material legal proceedings.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DISCLOSURE OF INTEREST

#### (A) DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2020 and up to the date of this report, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

##### (i) Long position in the shares of the Company

Name of Directors	Nature of interest/ holding capacity	Number of ordinary Shares held	Approximate percentage of issued share capital of the Company <sup>(6)</sup>
Mr. Ma Ah Muk <sup>(1)</sup>	Interest under section 317 of the SFO <sup>(1)</sup>	600,000,000	75.0%
Mr. Ma Kiu Sang ("Mr. KS Ma") <sup>(2 &amp; 3)</sup>	Interest in a controlled corporation <sup>(3)</sup> and under section 317 of the SFO <sup>(2)</sup>	600,000,000	75.0%
Mr. Ma Kiu Mo ("Mr. KM Ma") <sup>(2 &amp; 4)</sup>	Interest in a controlled corporation <sup>(4)</sup> and under section 317 of the SFO <sup>(2)</sup>	600,000,000	75.0%
Mr. Ma Kiu Man, Vince ("Mr. Vince Ma") <sup>(2 &amp; 5)</sup>	Interest in a controlled corporation <sup>(5)</sup> and under section 317 of the SFO <sup>(2)</sup>	600,000,000	75.0%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

*Notes:*

*Note 1:* Pursuant to a deed of confirmation dated 28 May 2018 executed by Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, whereby they confirmed, among others, the existence of their acting in concert arrangement (the "**Deed of AIC Confirmation**"), Mr. Ma Ah Muk is deemed to be interested in all the shares of the Company ("**Shares**") held by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, through Morewood Asset Holdings Limited (森業資產控股有限公司) ("**Morewood**"), Mandarin Asset Holdings Limited (文華資產控股有限公司) ("**Mandarin**") and Cambridge Investment (BVI) Limited (劍橋投資(BVI)有限公司) ("**Cambridge**"), respectively, by virtue of Section 317 of the SFO.

*Note 2:* Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma are persons acting in concert pursuant to the Deed of AIC Confirmation and accordingly each of them is deemed to be interested in all the Shares held by the others through their respective shareholding interests in Morewood, Mandarin, Cambridge and in turn holding IWS Group Holdings Limited ("**IWS BVI**") by virtue of Section 317 of the SFO.

*Note 3:* IWS BVI is owned as to 33.3% by Morewood, a company wholly and beneficially owned by Mr. KS Ma; therefore, each of Morewood and Mr. KS Ma is deemed to be interested in all the Shares held by IWS BVI pursuant to the SFO.

*Note 4:* IWS BVI is owned as to 33.3% by Mandarin, a company wholly and beneficially owned by Mr. KM Ma; therefore, each of Mandarin and Mr. KM Ma is deemed to be interested in all the Shares held by IWS BVI pursuant to the SFO.

*Note 5:* IWS BVI is owned as to 33.3% by Cambridge, a company wholly and beneficially owned by Mr. Vince Ma; therefore, each of Cambridge and Mr. Vince Ma is deemed to be interested in all the Shares held by IWS BVI pursuant to the SFO.

*Note 6:* Based on a total of 800,000,000 issued Shares as at 30 September 2020.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (ii) Long position in the shares of the associated corporation of the Company

Name of Director	Name of associated corporation	Nature of interest/ holding capacity	Number of shares interested	Approximate percentage of shareholding
Mr. Ma Ah Muk	IWS BVI	Interest in a controlled corporation and under section 317 of SFO <sup>(2)</sup>	3	100%
	Morewood	Interest under section 317 of SFO <sup>(2)</sup>	1	100%
	Mandarin	Interest under section 317 of SFO <sup>(2)</sup>	1	100%
	Cambridge	Interest under section 317 of SFO <sup>(2)</sup>	1	100%
Mr. KS Ma	Morewood	Beneficial owner <sup>(1)</sup>	1	100%
	IWS BVI	Interest in a controlled corporation and under section 317 of SFO <sup>(2)</sup>	3	100%
Mr. KM Ma	Mandarin	Beneficial owner <sup>(3)</sup>	1	100%
	IWS BVI	Interest in a controlled corporation and under section 317 of SFO <sup>(2)</sup>	3	100%
Mr. Vince Ma	Cambridge	Beneficial owner <sup>(4)</sup>	1	100%
	IWS BVI	Interest in a controlled corporation and under section 317 of SFO <sup>(2)</sup>	3	100%

*Notes:*

*Note 1:* The disclosed interest represents the interest in IWS BVI, the associated corporation which is 33.33% owned by Morewood, a company wholly owned by Mr. KS Ma.

*Note 2:* Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma are persons acting in concert pursuant to the Deed of AIC Confirmation and accordingly each of them is deemed to be interested in all the Shares held by the others through their respective shareholding interests in Morewood, Mandarin, Cambridge and in IWS BVI by virtue of section 317 of the SFO.

*Note 3:* The disclosed interest represents the interest in IWS BVI, the associated corporation which is 33.33% owned by Mandarin, a company wholly owned by Mr. KM Ma.

*Note 4:* The disclosed interest represents the interest in IWS BVI, the associated corporation which is 33.33% owned by Cambridge, a company wholly owned by Mr. Vince Ma.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (B) SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

Insofar it is known to the Directors, as at 30 September 2020, the following persons or entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

#### Long position in the shares of the Company

Name of Shareholder	Nature of interest/holding capacity	Number of ordinary Shares held	Approximate percentage of issued share capital of the Company <sup>(B)</sup>
IWS BVI	Beneficial owner	600,000,000	75.0%
Morewood	Interest in a controlled corporation <sup>(1)</sup>	600,000,000	75.0%
Mandarin	Interest in a controlled corporation <sup>(2)</sup>	600,000,000	75.0%
Cambridge	Interest in a controlled corporation <sup>(3)</sup>	600,000,000	75.0%
Ms. Cheng Pak Ching	Interest of spouse <sup>(4)</sup>	600,000,000	75.0%
Ms. Chow Yick Tung	Interest of spouse <sup>(5)</sup>	600,000,000	75.0%
Ms. Choi Lai Form	Interest of spouse <sup>(6)</sup>	600,000,000	75.0%
Ms. Ho Yin Nei	Interest of spouse <sup>(7)</sup>	600,000,000	75.0%



## CORPORATE GOVERNANCE AND OTHER INFORMATION

*Notes:*

*Note 1:* The Company is owned as to 75.0% by IWS BVI, which is owned as to 33.33% by Morewood, which is wholly owned by Mr. KS Ma. By virtue of the SFO, Morewood is deemed to be interested in the Shares held by IWS BVI.

*Note 2:* The Company is owned as to 75.0% by IWS BVI, which is owned as to 33.33% by Mandarin, which is wholly owned by Mr. KM Ma. By virtue of the SFO, Mandarin is deemed to be interested in the Shares held by IWS BVI.

*Note 3:* The Company is owned as to 75.0% by IWS BVI, which is owned as to 33.33% by Cambridge, which is wholly owned by Mr. Vince Ma. By virtue of the SFO, Cambridge is deemed to be interested in the Shares held by IWS BVI.

*Note 4:* Ms. Cheng Pak Ching is the spouse of Mr. Ma Ah Muk. By virtue of the SFO, Ms. Cheng Pak Ching is deemed to be interested in all the Shares in which Mr. Ma Ah Muk is interested.

*Note 5:* Ms. Chow Yick Tung is the spouse of Mr. KS Ma. By virtue of the SFO, Ms. Chow Yick Tung is deemed to be interested in all the Shares in which Mr. KS Ma is interested.

*Note 6:* Ms. Choi Lai Form is the spouse of Mr. KM Ma. By virtue of the SFO, Ms. Choi Lai Form is deemed to be interested in all the Shares in which Mr. KM Ma is interested.

*Note 7:* Ms. Ho Yin Nei is the spouse of Mr. Vince Ma. By virtue of the SFO, Ms. Ho Yin Nei is deemed to be interested in all the Shares in which Mr. Vince Ma is interested.

*Note 8:* Based on a total of 800,000,000 issued Shares as at 30 September 2020.

Save as disclosed above and to the best knowledge of the Directors, as at 30 September 2020, no person, other than the Directors and chief executive of the Company whose interests are set out in the sub-section headed "(A) Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant section 336 of the SFO.

### SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 20 September 2019. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentive or rewards for their contributions to the Group. For the principal terms of the Share Option Scheme, please refer to "E. SHARE OPTION SCHEME" in Appendix IV to the prospectus of the Company dated 30 September 2019 (the "**Prospectus**").

As at 30 September 2020, no share option has been granted or agreed to be granted under the Share Option Scheme.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### USE OF PROCEEDS FROM THE LISTING

The Shares were listed on GEM of the Stock Exchange on 22 October 2019 (the “**Listing**”). The Company received net proceeds (after deduction of listing expenses) from the Listing of approximately HK\$32.0 million (the “**Net Proceeds**”).

As at 30 September 2020, the Group had partially utilised the Net Proceeds in the manner consistent with that mentioned in the section headed “Statement of Business Objectives and Use of Proceeds” of the Prospectus:

	Actual Net Proceeds from the Listing (HK\$'000)	Amount utilised as at 30 September 2020 (HK\$'000)	Balance as at 30 September 2020 (HK\$'000)	Expected timetable for the usage of the unutilised Net Proceeds as of 30 September 2020
<b>Expanding our business in security services</b>				
(i) Recruitment of security service personnel	5,600	1,400	4,200	N/A
(ii) Contract securities	7,600	3,378	4,222	On or before 31 March 2022
(iii) Acquisition of patrol vehicles	1,000	318	682	On or before 31 March 2022
	14,200	5,096	9,104	
<b>Enhancing our capability in providing facility management services</b>				
(i) Acquisition of machines and equipment	4,100	—	4,100	On or before 31 March 2022
(ii) Expansion of our operation team and sales and marketing team	1,000	35	965	On or before 31 March 2022
	5,100	35	5,065	
<b>Improving operational efficiency</b>				
(i) Upgrade of information technology infrastructure	3,000	131	2,869	On or before 31 March 2022
(ii) Establishment of a control room	2,000	—	2,000	On or before 31 March 2022
	5,000	131	4,869	
<b>Payment for outstanding bank loan</b>				
	4,500	4,500	—	N/A
<b>General working capital</b>				
	3,200	1,280	1,920	N/A
	32,000	11,042	20,958	

As at 30 September 2020, approximately HK\$11.0 million of the Net Proceeds from the Listing had been utilised. As at the date of this report, there was no change in the intended use of Net Proceeds and the expected timetable as previously disclosed in the section headed “Statement of Business Objectives and Use of Proceeds” of the Prospectus. The unutilised Net Proceeds of approximately HK\$21.0 million have been placed as interest-bearing deposits with licensed banks in Hong Kong.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: Nil).

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2020.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than disclosed in "(A) Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above, at no time during the six months ended 30 September 2020 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive or their respective associates of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any associated corporation.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors believe that sound and reasonable corporate governance practices are essential in providing a framework for the Company to safeguard the interest of the Shareholders, to enhance corporate value, to formulate its policies, and to enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "**CG Code**") as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from 22 October 2019 (the "**Listing Date**").

In the opinion of the Board, the Company has complied with the code provisions in the CG Code during the six months ended 30 September 2020.

The Company was incorporated in the Cayman Islands on 23 March 2018 as an exempted company with limited liability, and the Shares were listed on GEM of the Stock Exchange on the Listing Date.

### CHANGES IN DIRECTOR'S INFORMATION

There is no change in Directors' biographical details which is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules since the date of the annual report of the Company for the year ended 31 March 2020.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "**Code of Conduct**") on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard Dealings**"). The Company had made specific enquiries to the Directors and all Directors have confirmed that they have fully complied with the Code of Conduct and Required Standard Dealings during the six months ended 30 September 2020.

### COMPETING INTERESTS

During the six months ended 30 September 2020, in so far the Directors are aware, none of the Directors, the controlling shareholders and substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had any position or interest in a business or company that competes or may compete with the business of the Group or give rise to any concern regarding conflict of interests.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information to the Company and within the knowledge of the Directors as at date of this report, the Company has maintained the prescribed public float required by the GEM Listing Rules for the six months ended 30 September 2020.

### SEGMENT INFORMATION

Segment information for the Group is presented as disclosed in note 4 to the unaudited condensed consolidated financial statements.

### EVENT AFTER THE REPORTING PERIOD

Up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the six months ended 30 September 2020.

### INTERESTS OF THE COMPLIANCE ADVISER

As at the date of this report, as notified by the Company's compliance adviser, Red Solar Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser on 23 September 2019, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined in the GEM Listing Rules) had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee on 20 September 2019 (the “**Audit Committee**”) with its written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. The Audit Committee consists of three independent non-executive Directors, namely Ms. Chang Wai Ha, Dr. Ng Ka Sing, David and Mr. Yau Siu Yeung. Ms. Chang Wai Ha currently serves as the chairlady of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2020 in conjunction with the Company’s external auditor. Based on the review and discussions with the management, the Audit Committee was satisfied that the unaudited condensed consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the six months ended 30 September 2020.

### OUTLOOK

The Group’s successful listing increases its transparency and has achieved a strong degree of trust, presenting an even better corporate image to both its existing and potential clients in order to capture the rich potential in the security services and facility and venue management services markets in Hong Kong. This potential is driven by the continuous increase in real estate projects and large-scale events, rising land and housing supply, increase in parking spaces and demand for more sophisticated facility management services.

Looking ahead, the Group will expand the scope of its security services business, enhance its capability in providing facility management services, improve operational efficiency and scalability, and selectively pursue strategic acquisition and investment opportunities, all aimed at the ultimate goal of becoming the leading integrated facility management services provider in Hong Kong.

By Order of the Board

**IWS Group Holdings Limited**

**Ma Ah Muk**

*Executive Director and Chairman*

Hong Kong, 6 November 2020

As at the date of this report, the executive Directors are Mr. Ma Ah Muk, Mr. Ma Kiu Sang, Mr. Ma Kiu Mo, Mr. Ma Kiu Man, Vince and Mr. Ma Yung King, Leo, and the independent non-executive Directors are Ms. Chang Wai Ha, Dr. Ng Ka Sing, David and Mr. Yau Siu Yeung.



# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

## TO THE BOARD OF DIRECTORS OF IWS GROUP HOLDINGS LIMITED

國際永勝集團控股有限公司

*(incorporated in Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of IWS Group Holdings Limited (the “Company”) and its subsidiaries set out on pages 21 to 34, which comprise the condensed consolidated statement of financial position as of 30 September 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

### Deloitte Touche Tohmatsu

*Certified Public Accountants*

Hong Kong

6 November 2020



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

For the six months ended 30 September 2020

	NOTES	Three months ended 30 September		Six months ended 30 September	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	4	<b>98,826</b>	106,073	<b>173,595</b>	187,524
Other income	5	<b>734</b>	20	<b>1,319</b>	64
Other loss	5	–	–	–	(20)
Employee benefit expenses		<b>(50,815)</b>	(86,824)	<b>(110,569)</b>	(158,364)
Selling and marketing expenses		<b>(218)</b>	(555)	<b>(545)</b>	(1,117)
Administrative expenses		<b>(7,825)</b>	(3,244)	<b>(12,109)</b>	(5,613)
Listing expenses		–	(1,198)	–	(6,006)
Finance costs	6	<b>(35)</b>	(498)	<b>(51)</b>	(905)
Profit before taxation		<b>40,667</b>	13,774	<b>51,640</b>	15,563
Income tax expense	7	<b>(3,658)</b>	(2,567)	<b>(4,586)</b>	(3,757)
Profit and total comprehensive income for the period attributable to owners of the Company	8	<b>37,009</b>	11,207	<b>47,054</b>	11,806
Earnings per share					
Basic (HK cents)	10	<b>4.63</b>	1.87	<b>5.88</b>	1.97

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

		As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
	NOTES		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>1,350</b>	1,527
Right-of-use assets		<b>4,156</b>	452
Finance lease receivable		<b>961</b>	1,308
Deposits	11	<b>7,449</b>	6,759
Deferred tax asset		<b>46</b>	46
		<b>13,962</b>	10,092
<b>CURRENT ASSETS</b>			
Trade and other receivables and deposits	11	<b>106,104</b>	120,004
Finance lease receivable		<b>687</b>	673
Amount due from a non-controlling shareholder of a subsidiary	12	<b>2</b>	2
Amounts due from related companies	12	<b>–</b>	112
Tax receivable		<b>273</b>	401
Bank balances and cash		<b>116,225</b>	78,874
		<b>223,291</b>	200,066
<b>CURRENT LIABILITIES</b>			
Other payables and accrued expenses		<b>20,129</b>	35,193
Amounts due to related parties	13	<b>421</b>	94
Lease liabilities		<b>1,580</b>	712
Dividend payable		<b>16,000</b>	–
Bank borrowings		<b>–</b>	12,000
Tax payables		<b>12,729</b>	9,532
		<b>50,859</b>	57,531
<b>NET CURRENT ASSETS</b>		<b>172,432</b>	142,535
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>186,394</b>	152,627
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>3,241</b>	528
Other liabilities		<b>123</b>	123
		<b>3,364</b>	651
<b>NET ASSETS</b>		<b>183,030</b>	151,976
<b>CAPITAL AND RESERVES</b>			
Share capital	14	<b>8,000</b>	8,000
Reserves		<b>175,030</b>	143,976
<b>TOTAL EQUITY</b>		<b>183,030</b>	151,976



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2020

	Attributable to owners of the Company					Non-controlling interest	Total
	Share capital	Share premium	Merger reserve	Retained earnings	Sub-total		
	HK\$'000 (Note 14)	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019 (audited)	–	34,744	(31,714)	47,798	50,828	–	50,828
Profit and total comprehensive income for the period	–	–	–	11,806	11,806	–	11,806
At 30 September 2019 (unaudited)	–	34,744	(31,714)	59,604	62,634	–	62,634
At 1 April 2020 (audited)	<b>8,000</b>	<b>80,804</b>	<b>(31,714)</b>	<b>94,886</b>	<b>151,976</b>	–*	<b>151,976</b>
Profit and total comprehensive income for the period	–	–	–	47,054	47,054	–*	47,054
Dividend	–	–	–	(16,000)	(16,000)	–	(16,000)
At 30 September 2020 (unaudited)	<b>8,000</b>	<b>80,804</b>	<b>(31,714)</b>	<b>125,940</b>	<b>183,030</b>	–*	<b>183,030</b>

\* Less than HK\$1,000

Note: Merger reserve represents the difference between the amount of share capital and share premium of the Company issued, and the combined share capital of International Wing Shing Security Management Limited ("IWS Security"), International Wing Shing Property Management Limited ("IWS PM"), IWS Cleaning Services Limited ("IWS Cleaning") and IWS Carpark Management Limited ("IWS Carpark") exchanged in connection with the group reorganisation.



# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2020

	Six months ended 30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	<b>52,713</b>	17,686
Decrease in trade and other receivables and deposits	<b>13,210</b>	1,282
(Decrease)/increase in other payables and accrued expenses	<b>(15,064)</b>	11,221
Other operating cash flows	<b>(928)</b>	(3,552)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>49,931</b>	26,637
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	<b>(182)</b>	(101)
Proceeds received from disposal of property, plant and equipment	–	2
Repayment from related companies	<b>3,592</b>	3,627
Advance to related companies	<b>(3,480)</b>	(2,803)
Interest received	<b>55</b>	9
<b>NET CASH (USED IN)/FROM INVESTING ACTIVITIES</b>	<b>(15)</b>	734
FINANCING ACTIVITIES		
Issue costs paid	–	(1,426)
Interest paid	<b>(51)</b>	(905)
Repayment of lease liabilities	<b>(841)</b>	(839)
Advance from related parties	<b>397</b>	471
Repayment to related parties	<b>(70)</b>	(471)
New bank loans raised	–	48,000
Repayment of bank loans	<b>(12,000)</b>	(59,000)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(12,565)</b>	(14,170)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>37,351</b>	13,201
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>78,874</b>	27,096
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash</b>	<b>116,225</b>	40,297

# NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2020

## 1. GENERAL INFORMATION

IWS Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 23 March 2018. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 22 October 2019. Its immediate and ultimate holding company is IWS Group Holdings Limited (“**IWS BVI**”), a company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability, shareholders of which are the respective wholly owned entities of Mr. Ma Kiu Sang (“**Mr. KS Ma**”), Mr. Ma Kiu Mo (“**Mr. KM Ma**”) and Mr. Ma Kiu Man, Vince (“**Mr. Vince Ma**”). Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma have been controlling the companies comprising the Company and its subsidiaries (collectively referred to as the “**Group**”) collectively. The addresses of the registered office and the principal place of business of the Company are disclosed in the section headed “Corporate Information” of this interim report.

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of security services and facility management services in Hong Kong.

## 2. BASE OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2020 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 March 2020.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 April 2020 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2020

### 3. PRINCIPAL ACCOUNTING POLICIES (Continued)

#### Application of amendments to HKFRSs (Continued)

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### *Impacts of application of Amendments to HKAS 1 and HKAS 8 "Definition of Material"*

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity". The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 March 2021.

#### Accounting policies newly applied by the Group

##### *Government grants*

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Grants relating to compensation of expenses are deducted from the related expenses.



## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2020

### 4. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>Types of services and rental</b>				
Provision of:				
General manned guarding services	<b>37,559</b>	71,658	<b>75,468</b>	117,481
Event and crisis security services	–	98	–	500
Manpower support services	<b>53,999</b>	26,966	<b>83,664</b>	54,798
Property management services	<b>4,683</b>	4,810	<b>9,302</b>	9,518
Car park management services	<b>2,096</b>	1,871	<b>4,196</b>	3,913
Cleaning services	<b>471</b>	485	<b>928</b>	944
Rental of car parks	–	185	–	370
Interest income from sub-leasing of car parks	<b>18</b>	–	<b>37</b>	–
<b>Total</b>	<b>98,826</b>	106,073	<b>173,595</b>	187,524

The Group's operating segments are determined based on information reported to the chief executive, being the chief operating decision maker ("CODM") of the Group, for the purposes of resource allocation and performance assessment based on the types of services provided. No analysis of segment assets or segment liabilities is presented as such information is not regularly provided to CODM. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

- (i) Security services — provision of general manned guarding services, event and crisis security services, and manpower support services at railway stations and facilities, sea, land and railway immigration control points and public amenities as well as crowd coordination and management services for large-scale events and emergency and critical incidents in Hong Kong.
- (ii) Facility management services — provision of property management services, car park management services, cleaning services, rental of car parks and interest income from sub-leasing of car parks.

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2020

### 4. REVENUE AND SEGMENT INFORMATION (Continued)

#### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable operating segments.

#### Six months ended 30 September 2020 (unaudited)

	Security services HK\$'000	Facility management services HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>Revenue</b>				
External sales	159,132	14,463	–	173,595
Inter-segment sales	6,588	3,907	(10,495)	–
	165,720	18,370	(10,495)	173,595
<b>Segment results</b>	62,111	8,024	–	70,135
Other income				1,319
Other corporate expenses				(19,763)
Finance costs				(51)
<b>Profit before taxation</b>				51,640

#### Six months ended 30 September 2019 (unaudited)

	Security services HK\$'000	Facility management services HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>Revenue</b>				
External sales	172,779	14,745	–	187,524
Inter-segment sales	9,328	1,770	(11,098)	–
	182,107	16,515	(11,098)	187,524
<b>Segment results</b>	27,337	7,118	–	34,455
Other income				64
Other corporate expenses				(12,045)
Listing expenses				(6,006)
Finance costs				(905)
<b>Profit before taxation</b>				15,563



## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

*For the six months ended 30 September 2020*

#### 4. REVENUE AND SEGMENT INFORMATION *(Continued)*

##### Segment revenue and results *(Continued)*

Inter-segment sales are charged at prevailing market rates.

Segment results represent profits earned from each segment without allocation of other income, other corporate expenses, listing expenses and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

#### 5. OTHER INCOME/OTHER LOSS

##### Other income

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Bank interest income	21	5	55	9
Others	713	15	1,264	55
	<b>734</b>	<b>20</b>	<b>1,319</b>	<b>64</b>

##### Other loss

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Loss on disposal of property, plant and equipment	-	-	-	20

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2020

### 6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on bank borrowings	–	482	6	869
Interest on lease liabilities	35	16	45	36
	<b>35</b>	498	<b>51</b>	905

### 7. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax:				
Hong Kong Profits Tax				
— Current period	3,658	2,567	4,586	3,757

### 8. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit and total comprehensive income for the period has been arrived at after charging (crediting):				
Depreciation of property, plant and equipment	184	174	358	348
Depreciation of right-of-use assets	360	431	718	859
Government grants (net off against employee benefit expenses)(Note)	(19,787)	–	(25,914)	–

Note: During the interim period, the Group recognised government grants of HK\$25,914,000 in respect of COVID-19-related subsidies in relation to Employment Support Scheme provided by the Hong Kong government.



## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2020

### 9. INTERIM DIVIDEND

During the current interim period, a final dividend of HK2 cents per share, in aggregate amount of HK\$16,000,000, in respect of the year ended 31 March 2020 (2019: nil) was declared and approved by the shareholders.

The Board did not recommend the payment of interim dividend for the six months ended 30 September 2020 (six months ended 30 September 2019: nil).

### 10. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Three months ended 30 September		Six months ended 30 September	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Profit for the period attributable to owners of the Company and earnings for the purpose of basic earnings per share	<b>37,009</b>	11,207	<b>47,054</b>	11,806

#### Number of shares

	Three months ended 30 September		Six months ended 30 September	
	2020 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	2019 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>800,000,000</b>	600,000,000	<b>800,000,000</b>	600,000,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the reorganisation and the capitalisation issue had been effective on 1 April 2019.

No diluted earnings per share is presented as there were no potential ordinary shares in issue during the periods.



## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2020

### 11. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	As at 30 September 2020 HK\$'000 (Unaudited)	As at 31 March 2020 HK\$'000 (Audited)
Trade receivables		
— Third parties	<b>72,811</b>	55,665
— Related parties	<b>3,290</b>	4,644
	<b>76,101</b>	60,309
Less: Loss allowance	<b>(807)</b>	(807)
	<b>75,294</b>	59,502
Uncertified revenue	<b>18,103</b>	47,488
Less: Loss allowance	<b>(52)</b>	(52)
	<b>18,051</b>	47,436
Deposits		
— Third parties	<b>921</b>	7,626
— Related parties	<b>181</b>	280
	<b>1,102</b>	7,906
Other receivables and prepayments	<b>11,657</b>	5,160
Total trade and other receivables and deposits (shown under current assets)	<b>106,104</b>	120,004
Non-current deposits		
— Third parties	<b>7,350</b>	6,759
— Related parties	<b>99</b>	—
	<b>7,449</b>	6,759

All the related parties above are companies controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, directors of the Company.



## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

*For the six months ended 30 September 2020*

### 11. TRADE AND OTHER RECEIVABLES AND DEPOSITS *(Continued)*

#### Trade receivables

The following is an aged analysis of trade receivables, net of loss allowance, presented based on the invoice dates at the end of the reporting period:

	As at 30 September 2020 <i>HK\$'000</i> (Unaudited)	As at 31 March 2020 <i>HK\$'000</i> (Audited)
0–30 days	<b>61,136</b>	38,250
31–60 days	<b>7,229</b>	7,582
61–90 days	<b>1,694</b>	4,171
91–120 days	<b>1,349</b>	2,639
Over 120 days	<b>3,886</b>	6,860
	<b>75,294</b>	59,502

### 12. AMOUNT(S) DUE FROM A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY/RELATED COMPANIES

The amount due from a non-controlling shareholder of a company is non-trade nature, unsecured, interest free and repayable on demand.

The amounts due from related companies of the Group were non-trade nature, unsecured, interest-free and repayable on demand. All the related companies are controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, directors of the Company.

### 13. AMOUNTS DUE TO RELATED PARTIES

All the amounts due to related parties are non-trade nature, unsecured, interest-free and repayable on demand.

## NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the six months ended 30 September 2020

### 14. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 April 2019	38,000,000	380
At 30 September 2019 (unaudited), 31 March 2020 (audited) and 30 September 2020 (unaudited)	2,000,000,000	20,000
Issued and fully paid:		
At 1 April 2019 and 30 September 2019 (unaudited)	1	—*
At 31 March 2020 (audited) and 30 September 2020 (unaudited)	800,000,000	8,000

\* Less than HK\$1,000

### 15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The management of the Group considers that the carrying amounts of the financial assets and financial liabilities of the Group recorded at amortised cost in the condensed consolidated financial statements at the end of the reporting period approximate their fair values.

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on a discounted cash flow analysis.

### 16. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the current interim period, the Group has revenue derived from security services and facility management services provided to companies controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma with an aggregate amount of HK\$10,411,000 (2019: HK\$10,068,000). The Group did not have other significant related party transactions.