

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in IWS Group Holdings Limited, you should at once hand this circular together with the enclosed form of proxy, to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF THE MASTER SERVICES AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders



Capitalised terms used in this circular shall have meanings as defined in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 7 to 15 of this circular. A notice convening the EGM to be held at Dragon Place Restaurant, G/F, 280-288 Un Chau Street, Cheung Sha Wan, Kowloon, Hong Kong on Friday, 4 March 2022 at 3:00 p.m. or its adjournment is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for the EGM is also enclosed with this circular. Such form of proxy is also published on the GEM's website at www.hkgem.com and the Company's website at <http://www.iws.com.hk>. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or adjournment thereof should you so wish. In such event, the form of proxy shall be deemed to be revoked.

This circular will remain on the GEM's website at www.hkgem.com on the "Latest Listed Company Information" page for a minimum period of seven days from the date of its publication. This circular will also be published on the Company's website at <http://www.iws.com.hk>.

PRECAUTIONARY MEASURES FOR THE EGM

To safeguard the health and safety of Shareholders and to prevent the spreading of the Coronavirus Disease 2019 (COVID-19) pandemic, the following precautionary measures will be implemented at the EGM:

- (1) compulsory temperature screening/checks;
- (2) compulsory wearing of surgical face mask;
- (3) no distribution of corporate gifts or refreshments; and
- (4) compulsory health declaration from each attendee.

Attendees who do not comply with the precautionary measures referred to in (1), (2) and (4) above or is subject to any Hong Kong Government prescribed quarantine will be denied entry to the EGM venue.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy and to return their forms of proxy by the time specified above, instead of attending the EGM in person.

CHARACTERISTICS OF GEM

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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PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

With the outbreak and spreading of the Coronavirus Disease 2019 (COVID-19) pandemic and the heightened requirements for the prevention and control of its spreading, to safeguard the health and safety of Shareholders who might be attending the EGM in person, the Company will implement the following precautionary measures at the EGM.

Voting by proxy in advance of the EGM: The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect Shareholders from possible exposure to the Coronavirus Disease 2019 (COVID-19) pandemic. For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy instead of attending the EGM in person. Physical attendance is not necessary for the purpose of exercising Shareholders' rights. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof should they subsequently so wish.

The deadline to submit completed forms of proxy is Wednesday, 2 March 2022 at 3:00 p.m.. Completed forms of proxy must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Shareholders are strongly encouraged to cast their votes by submitting a form of proxy and appointing the chairman of the EGM as their proxy.

To safeguard the health and safety of Shareholders who may be attending the EGM in person, the Company will also implement the following measures at the EGM:

1. Compulsory temperature screening/checks will be carried out on every attendee at the main entrance of Dragon Place Restaurant, G/F, 280-288 Un Chau Street, Cheung Sha Wan, Kowloon, Hong Kong (the "**EGM venue**"). Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms may be denied entry into the EGM venue and be requested to leave the EGM venue.
2. Every attendee will be required to wear a surgical face mask throughout the EGM and sit at a safe distance from other attendees. Please note that no masks will be provided at the EGM venue and attendees should bring and wear their own masks.
3. There will be no corporate gifts, and no refreshments or drinks will be served to attendees at the EGM.
4. Each attendee will be asked whether (a) he/she has travelled outside of Hong Kong within the 14-day period immediately before the EGM; and (b) he/she is subject to any quarantine prescribed by the Hong Kong Government. Anyone with an affirmative answer to any of these questions will be denied entry into the EGM venue and will be required to leave the EGM venue.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

Attendees are requested to observe and practice good personal hygiene at the times at the EGM venue. To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue so as to ensure the health and safety of the attendees at the EGM.

In addition, the Company reminds all Shareholders that attendance in person at the EGM is not compulsory for the purpose of exercising voting rights. Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolution(s) at the EGM instead of attending the EGM in person, by completing and returning the proxy form attached to this circular. Alternatively, the form of proxy can be downloaded from the GEM's website at www.hkgem.com and the Company's website at <http://www.iws.com.hk>.

Appointment of proxy by non-registered Shareholders: Non-registered Shareholders whose Shares are held through banks, brokers, custodians or the Hong Kong Securities Clearing Company Limited should consult directly with their banks or brokers or custodians (as the case may be) to assist them in the appointment of proxy.

Due to the constantly evolving Coronavirus Disease 2019 (COVID-19) pandemic situation in Hong Kong, the Company may be required to change the EGM arrangements at short notice. Shareholders should check the Company's website at <http://www.iws.com.hk> for future announcements and updates on the EGM arrangements.

DEFINITIONS

In this circular, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

“Annual Caps”	the maximum aggregate annual transaction amounts receivable by the Group for the Services for the three financial years ending 31 March 2025
“associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Cambridge”	Cambridge Investment (BVI) Limited (劍橋投資(BVI)有限公司), a company incorporated in the British Virgin Islands with limited liability on 7 February 2018 and wholly owned by Mr. Vince Ma
“Company”	IWS Group Holdings Limited (國際永勝集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8441)
“connected person”	has the same meaning ascribed thereto under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules and, in the context of this circular means the controlling shareholders of the Company, namely, Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma, Morewood, Mandarin, Cambridge and IWS BVI
“Deed of AIC Confirmation”	the 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 in respect of the management and/or exercise of voting rights in the Group
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting (or any adjournment thereof) of the Company to be convened on Friday, 4 March 2022 at 3:00 p.m. for the purpose of considering and, if thought fit, approving the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps

DEFINITIONS

“Fees”	the service fees receivable by the Group from the Ma Companies for the provision of Services under the New Master Services Agreement
“FY”	the financial year ended/ending 31 March of the relevant year
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented and/or otherwise modified from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board which comprises Dr. Ng Ka Sing David, Ms. Chang Wai Ha and Mr. Yau Siu Yeung, established to give recommendation to the Independent Shareholders in relation to the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps
“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps
“Independent Third Party(ies)”	any person or company and its ultimate beneficial owner(s), to the best of the Company’s knowledge, information and belief, are third parties independent of the Company and its connected persons
“IWS BVI”	IWS Group Holdings Limited, a company incorporated in the British Virgin Islands with limited liability on 7 March 2018

DEFINITIONS

“Latest Practicable Date”	4 February 2022, being the latest practicable date prior to printing of this circular for ascertaining certain information contained herein
“Ma Companies”	companies, directly or indirectly, owned and controlled by members of the Ma Family other than the Group
“Ma Family”	Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma and Mr. Leo Ma and their respective associates (as defined in the GEM Listing Rules) other than the Group
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Mandarin”	Mandarin Asset Holdings Limited (文華資產控股有限公司), a company incorporated in the British Virgin Islands with limited liability on 7 February 2018 and wholly owned by Mr. KM Ma
“Master Services Agreement”	the master services agreement dated 28 May 2018 and supplemental agreement thereto dated 17 June 2019 entered into between the Ma Family (for itself and on behalf of its affiliates) as the client and the Company (for itself and on behalf of its affiliates) as the supplier
“Morewood”	Morewood Asset Holdings Limited (森業資產控股有限公司), a company incorporated in the British Virgin Islands with limited liability on 7 February 2018 and wholly owned by Mr. KS Ma
“Mr. KM Ma”	Mr. Ma Kiu Mo, an executive Director, the son of Mr. Ma Ah Muk and brother of Mr. KS Ma and Mr. Vince Ma, the uncle of Mr. Leo Ma and a Controlling Shareholder
“Mr. KS Ma”	Mr. Ma Kiu Sang, an executive Director, the son of Mr. Ma Ah Muk, brother of Mr. KM Ma and Mr. Vince Ma, and the father of Mr. Leo Ma and a Controlling Shareholder
“Mr. Leo Ma”	Mr. Ma Yung King Leo, an executive Director, the grandson of Mr. Ma Ah Muk, the son of Mr. KS Ma and the nephew of Mr. KM Ma and Mr. Vince Ma
“Mr. Ma Ah Muk”	Mr. Ma Ah Muk, the chairman of the Company, an executive Director, the father of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, the grandfather of Mr. Leo Ma and a Controlling Shareholder

DEFINITIONS

“Mr. Vince Ma”	Mr. Ma Kiu Man Vince, an executive Director, the son of Mr. Ma Ah Muk, brother of Mr. KS Ma and Mr. KM Ma, the uncle of Mr. Leo Ma and a Controlling Shareholder
“New Master Services Agreement”	the new master services agreement dated 22 December 2021 entered into between the Ma Family (for itself and on behalf of its affiliates) as the client and the Company (for itself and on behalf of its affiliates) as the supplier
“Notice”	the notice convening the EGM as set out in pages EGM-1 to EGM-3
“Services”	the security and facility management services which the Company agreed to provide to the Ma Companies
“Services Transactions”	with respect to the New Master Services Agreement, the provision of the Services and transactions as contemplated thereunder
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented and/or otherwise modified from time to time
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the GEM Listing Rules
“substantial shareholder”	has the meaning ascribed thereto under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission, as amended, supplemented and/or otherwise modified from time to time
“9M2021”	for the nine months ended 31 December 2021
“%”	per cent

LETTER FROM THE BOARD



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)

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

Registered Office:

Cricket Square
Hutchins Drive P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent non-executive Directors:

Dr. NG Ka Sing, David
Ms. CHANG Wai Ha
Mr. YAU Siu Yeung

*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

11 February 2022

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF THE MASTER SERVICES AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

References are made to the announcements of the Company dated 22 December 2021 and 29 December 2021 in respect of renewal of the Master Services Agreement.

The purpose of this circular is to provide you with (i) a letter from the Board containing further details of the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps; (iii) a letter from the Independent Financial Adviser to the Independent Board

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Committee and the Independent Shareholders in respect of the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps; (iv) the Notice; and (v) other information as required under the GEM Listing Rules.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Pursuant to the Master Services Agreement, certain Ma Companies have been engaging the Group for the provision of Services for their own real estates and public light bus facilities in Hong Kong. As the Master Services Agreement will expire on 31 March 2022, the Company (for itself and on behalf of its affiliates) and the Ma Family (for itself and on behalf of its affiliates) entered into the New Master Services Agreement, pursuant to which the Group will continue to provide Services to the Ma Companies for a term of three years commencing from 1 April 2022 to 31 March 2025.

New Master Services Agreement

The principal terms of the New Master Services Agreement are as follows:

- Date:** 22 December 2021
- Parties:** (1) the Company (for itself and on behalf of its affiliates)
(2) Ma Family (for itself and on behalf of its affiliates)
- Subject matter:** The Ma Family shall engage or procure their respective associates and the Ma Companies to engage the Group for the provision of Services for their own real estates and public light bus facilities in Hong Kong.
- Condition precedent:** The New Master Services Agreement is conditional upon the approval by the Independent Shareholders of the New Master Services Agreement, the Services Transactions and the Annual Caps at the EGM.
- Term:** A term of three years commencing from 1 April 2022 to 31 March 2025 (both dates inclusive), unless terminated earlier in accordance with the New Master Services Agreement.

Subject to re-compliance with the applicable GEM Listing Rules and where applicable, the Main Board Listing Rules at the relevant time, the New Master Services Agreement may be renewed at the end of the term unless either party gives written notice to the other party not later than two months before the end of the term to terminate the New Master Services Agreement.

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References are made to the announcements issued by the Company dated 2 February 2021, 2 June 2021, 11 June 2021 and 14 December 2021. As the Company is currently seeking to transfer its listing status from GEM to the Main Board, in the event that the listing of the Shares is successfully transferred during the term of the New Master Services Agreement, the Services Transactions contemplated thereunder as well as the terms and conditions thereof shall be subject to the Main Board Listing Rules until the end of the term.

Historical transaction amounts

The table below sets out the historical aggregate annual transaction amounts of the Services Transactions with the Ma Companies for the two years ended 31 March 2021 and the nine months ended 31 December 2021:

	Historical transaction amounts		
	FY2020	FY2021	9M2021
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<i>(approx.)</i>	<i>(approx.)</i>	<i>(approx.)</i>
Transaction amount of provision of			
— security services	7,546	7,616	6,488
— facility management services	<u>12,853</u>	<u>13,385</u>	<u>10,141</u>
Maximum aggregate transaction amounts	<u><u>20,399</u></u>	<u><u>21,001</u></u>	<u><u>16,629</u></u>

Proposed Annual Caps

The Company expects that the maximum aggregate Annual Caps in respect of the Services Transactions contemplated under the New Master Services Agreement for the financial years ending 31 March 2023, 2024 and 2025 will be as follows:

	Proposed annual caps for		
	FY2023	FY2024	FY2025
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Transaction amount of provision of			
— security services	11,000	12,500	15,000
— facility management services	<u>17,000</u>	<u>19,000</u>	<u>23,000</u>
Maximum aggregate transaction amounts	<u><u>28,000</u></u>	<u><u>31,500</u></u>	<u><u>38,000</u></u>

LETTER FROM THE BOARD

Pricing policy

The Fees are determined after arm's length negotiations between the parties and on a cost-plus basis with no material difference as compared to the Group's other Independent Third Party customers. The estimated cost is determined with reference to a number of factors primarily comprising (i) the then prevailing market price for similar services offered in the market, (ii) the then terms which in any event be no more favourable to the Ma Companies than those offered by the Group to any of its other Independent Third Party customers, (iii) the number of workers (both full-time and casual) expected to be deployed for each project with reference to amongst others, the urgency of the intended timetable, location and complexity of the work or services and (iv) the potential impact of change in statutory minimum wage pursuant to the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) from time to time and inflation. After working on an estimated cost, the Group then determined on a profit margin to be charged with reference to the then prevailing margin charged by the Group to Independent Third Parties for comparable services, which such profit margin shall be not less than 10% for security services and 8% for facility management services.

Basis of Annual Caps

Security services

The estimation of the proposed Annual Caps in respect of provision of security services was based on (i) the historical total transaction amounts for the year ended 31 March 2021 and the annualised transaction amounts estimated for the year ending 31 March 2022; (ii) three potential contracts which the Company is currently in negotiation with the Ma Companies which if materialised, are currently expected to commence in 2023; and (iii) the estimated growth rates for each of the three years ending 31 March 2025 of nil, approximately 13.6% and 20.0%, respectively, based on (a) the pricing policy adopted by the Group in particular, the expected increase in statutory minimum wage by approximately 7.6%, nil and 7.6%, respectively and the expected increase in inflation by approximately 3.4%, 1.7% and 1.7%, respectively for each of the three years ending 31 March 2025 which has been factored in the estimation of the proposed Annual Caps; and (b) the Directors' estimate of a buffer of 10.0% to account for any unexpected increase in demand of the security services. The outbreak of the COVID-19 pandemic has had an impact on the market conditions and business performance of the Group for the two years ended 31 March 2021, and accordingly, the historical growth rates for the corresponding years have been affected. In light of the foregoing, it is prudent to not adopt the average historical growth rate for the three years ended 31 March 2021 of approximately 2.8% as basis for the estimation of the proposed Annual Caps.

Facility management services

The estimation of the proposed Annual Caps in respect of provision of facility management services was based on (i) the historical total transaction amounts for the year ended 31 March 2021 and the annualised transaction amounts estimated for the year ending 31 March 2022; (ii) three potential contracts which the Company is currently in negotiation with the Ma Companies which if materialised, are currently expected to commence in 2023; and

LETTER FROM THE BOARD

(iii) the estimated growth rates for each of the three years ending 31 March 2025 of nil, approximately 11.8% and 21.1%, respectively, based on (a) the pricing policy adopted by the Group in particular, the expected increase in statutory minimum wage by approximately 7.6%, nil and 7.6%, respectively and the expected increase in inflation by approximately 3.4%, 1.7% and 1.7%, respectively for each of the three years ending 31 March 2025 which has been factored in the estimation of the proposed Annual Caps; and (b) the Directors' estimate of a buffer of 10.0% to account for any unexpected increase in demand of the facility management services. The outbreak of the COVID-19 pandemic has had an impact on the market conditions and business performance of the Group for the two years ended 31 March 2021, and accordingly, the average historical growth rates for the corresponding years have been affected. In light of the foregoing, it is prudent to not adopt the average historical growth rates for the three years ended 31 March 2021 of approximately 31.9% as basis for the estimation of the proposed Annual Caps.

REASONS AND BENEFITS OF ENTERING INTO THE NEW MASTER SERVICES AGREEMENT

Certain Ma Companies have been engaging the Group for the provision of Services for their own real estates and public light bus facilities in Hong Kong prior to the entering of the Master Services Agreement (when needed) as well as during the two years ended 31 March 2021 and up to the date hereof. The Ma Companies shall continue to engage the Group for the provision of the Services.

The Directors (excluding Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma and Mr. Leo Ma, who are regarded as interested and have abstained from voting in respect of the Board resolutions for approving the New Master Services Agreement (including the Annual Caps) and the Services Transactions contemplated thereunder) (i) believe the New Master Services Agreement will bring stable income, reinforce the Group's revenue stream and cash flow and facilitate the future development plans of the Group; (ii) consider that the entering into of the New Master Services Agreement is in the ordinary and usual course of business of the Group; and (iii) consider the terms of the New Master Services Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board does not consider that there is any disadvantage to the Group in entering into the New Master Services Agreement.

Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma and Mr. Leo Ma, each being an executive Director, have abstained from voting on the relevant Board resolutions in connection with the New Master Services Agreement since they have a material interest therein. Save as disclosed above and to the best knowledge, information and belief of the Company, none of the Directors have any material interest in the New Master Services Agreement for which they would be required to abstain from voting on the relevant Board resolutions approving such documents pursuant to the articles of association of the Company.

LETTER FROM THE BOARD

INTERNAL CONTROL MEASURES

The Group will adopt the following internal control measures in connection with the Services Transactions and Fees under the New Master Services Agreement:

The Services Transactions

- (i) the relevant personnel from the financial department will closely monitor the Services Transactions to ensure that the transaction amounts do not exceed the proposed Annual Caps and will report his/her findings to the management of the Company on a monthly basis;
- (ii) the entering into and implementation of individual contracts shall be subject to appropriate approval of the management of the Company;
- (iii) the management of the Company will on a monthly basis examine the relevant pricing terms and monitor industry practice on the provision of similar services to ensure that the terms in relation to the Services Transactions contemplated under the New Master Services Agreement are fair and reasonable and are no more favourable to the Ma Family than those to Independent Third Parties;
- (iv) the external auditors of the Company shall conduct annual reviews on the pricing terms to ensure that the transaction amounts are within the proposed Annual Caps and that the Services Transactions are conducted on the principal terms of the New Master Services Agreement;
- (v) the audit committee of the Company will conduct an annual review of the pricing terms and transaction amounts in respect of the Services Transactions under the New Master Services Agreement; and
- (vi) the independent non-executive Directors shall review the management's reports on the Services Transactions under the New Master Services Agreement.

The Fees

- (i) the relevant personnel from the finance departments of the Company will closely examine the Fees and compare them with the services fees available to Independent Third Party customers (including the profit margin adopted) and will report their findings to the management of the Company on a monthly basis;
- (ii) the management of the Company will monitor closely factors affecting the estimation of cost for providing the Services to the Ma Companies, including but not limited to the prevailing market conditions, supply of manpower, relevant laws and regulations relating to labour, etc., and update the estimated cost in each individual transaction under the New Master Services Agreement from time to time;
- (iii) the setting of Fees as a clause contained in each individual transaction shall be subject to the examination and approval from the management of the Company; and

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- (iv) the management of the Company shall, on a monthly basis, review and consider the historical average price of similar services provided to Independent Third Party customers in order to ascertain whether the mark-up in the Fees is on normal commercial terms and on terms no less favourable than terms available to Independent Third Party customers.

GEM LISTING RULES IMPLICATIONS

Each of the Ma Companies is ultimately owned and controlled by the Ma Family, certain members of whom are executive Directors and/or Controlling Shareholders. Accordingly, each member of the Ma Family is a connected person of the Company pursuant to the GEM Listing Rules and the Services Transactions will constitute continuing connected transactions of the Company pursuant to Chapter 20 of the GEM Listing Rules.

Given that one or more of the applicable percentage ratios (as set out in the GEM Listing Rules) of the Annual Caps in respect of the Services Transactions is more than 5% but are less than 25% and the Annual Caps exceed HK\$10,000,000, the New Master Services Agreement is subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL INFORMATION OF THE PARTIES

The Group is principally engaged in the provision of security services and facility management services across public and private sectors in Hong Kong.

The companies which are directly or indirectly owned and controlled by members of the Ma Family (other than the Group) are engaged in a wide range of businesses across various industries, such as the real estate, public light bus, finance, food and beverage and hotel management.

EGM

The EGM will be held at Dragon Place Restaurant, G/F, 280-288 Un Chau Street, Cheung Sha Wan, Kowloon, Hong Kong on Friday, 4 March 2022 at 3:00 p.m., at which, inter alia, ordinary resolutions will be proposed to the Shareholders to consider, and if thought fit, approve the New Master Services Agreement, the Services Transactions contemplated thereunder and the Annual Caps. The Notice is set out on pages EGM-1 to EGM-3 of this circular.

Each of the Ma Companies is ultimately owned and controlled by the Ma Family, certain members of whom are executive Directors and/or Controlling Shareholders, including, among others, Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma. IWS BVI is owned as to 33.33% by each of Morewood, Mandarin and Cambridge which is wholly and beneficially owned by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, respectively. In light of the foregoing, despite IWS BVI being not a party to the New Master Services Agreement, IWS BVI is considered to have a material interest in the entering into of the New Master Services Agreement. Accordingly,

LETTER FROM THE BOARD

IWS BVI will abstain from voting on the resolution(s) to be proposed at the EGM to approve the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps.

Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma and Mr. Leo Ma, each being an executive Director, have abstained from voting on the relevant Board resolutions in connection with the New Master Services Agreement since they have a material interest therein. Save as disclosed above and to the best knowledge, information and belief of the Company, none of the Directors have any material interest in the New Master Services Agreement for which they would be required to abstain from voting on the relevant Board resolutions approving such documents pursuant to the articles of association of the Company.

Closure of register of members for determining the eligibility of the Shareholders to attend and vote at the EGM

The register of members of the Company will be closed from Tuesday, 1 March 2022 to Friday, 4 March 2022 (both days inclusive), during which period no transfer of Shares will be registered. In order to determine the identity of members who are entitled to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 28 February 2022.

Voting Procedures

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith and in compliance with the GEM Listing Rules, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, each resolution set out in the Notice will be put to vote by way of poll at the EGM.

On a poll, every Shareholder presents in person or by proxy or, in the case of a Shareholder being corporation, by its duly authorised representative, shall have one vote for every fully paid Share of which he/she/it is the holder. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all the votes he/she/it uses in the same way.

The Company will appoint scrutineers to handle vote-taking procedures at the EGM. An announcement on the poll results will be published by the Company on the GEM's website at www.hkgem.com and the Company's website at <http://www.iws.com.hk> after the conclusion of the EGM in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

LETTER FROM THE BOARD

Proxy

A form of proxy for use by the Shareholders at the EGM is enclosed with this circular. Such form of proxy is also published on the GEM's website at www.hkgem.com and the Company's website at <http://www.iws.com.hk>. Whether or not a Shareholder is able to attend the EGM, he/she/it is requested to complete and return the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the EGM or adjournment thereof. Completion and return of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM should he/she/it so wish. In such event, the form of proxy shall be deemed to be revoked.

RECOMMENDATION

The Directors (excluding Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma and Mr. Leo Ma, who are regarded as interested in and had abstained from voting in respect of the Board resolutions in connection with the New Master Services Agreement) consider that the entering into of the New Master Services Agreement is in the ordinary and usual course of business of the Group and on normal commercial terms, and in the interests of the Company and the Shareholders as a whole, and the proposed Annual Caps for the Services Transactions contemplated under the New Master Services Agreement are fair and reasonable.

Accordingly, the Board (including the Independent Board Committee having taken into account the advice of the Independent Financial Adviser) recommends the Independent Shareholders to vote in favour of the ordinary resolutions set out in the Notice enclosed to this circular.

GENERAL

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By Order of the Board
IWS Group Holdings Limited
Ma Ah Muk

Executive Director and chairman of the Board of Directors

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the New Master Services Agreement and the Services Transactions contemplated thereunder.



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)

11 February 2022

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF THE MASTER SERVICES AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular issued by the Company dated 11 February 2022 (the “**Circular**”) to the Shareholders of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

As we have no interests in the relevant continuing connected transactions between the Ma Family and the Company contemplated under the New Master Services Agreement, we have been appointed by the Board as the members of the Independent Board Committee to consider, and to advise the Independent Shareholders as to the fairness and reasonableness of, the terms of the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps and to recommend how the Independent Shareholders should vote at the EGM. Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board, as set out on pages 7 to 15 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice in respect of the terms of the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps as set out on pages 18 to 32 of the Circular. Details of the advice and the principal factors and reasons which the Independent Financial Adviser has taken into consideration in giving such advice are set out in the “Letter from the Independent Financial Adviser” in the Circular.

Having taken into account the principal factors and reasons considered by the Independent Financial Adviser and its conclusion and advice, we are of the opinion that the Services Transactions contemplated under the New Master Services Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group, and that the terms of the Services Transactions contemplated under the New Master Services Agreement and the respective proposed Annual Caps are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the New Master Services Agreement, the Services Transactions contemplated under the New Master Services Agreement and the proposed Annual Caps.

Yours faithfully,

For and on behalf of

Independent Board Committee

Dr. Ng Ka Sing David
*Independent non-executive
Director*

Ms. Chang Wai Ha
*Independent non-executive
Director*

Mr. Yau Siu Yeung
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Master Services Agreement, the transactions contemplated thereunder and the related proposed Annual Caps, which has been prepared for the purpose of inclusion in this circular.



11 February 2022

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS RENEWAL OF THE MASTER SERVICES AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed Annual Caps, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 11 February 2022 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

References are made to the announcements of the Company dated 22 December 2021 and 29 December 2021. Pursuant to the Master Services Agreement entered into between the Company (for itself and on behalf of its affiliates) and the Ma Family (for itself and on behalf of its affiliates), the Group agreed to provide Services to certain Ma Companies with effect from the date of the Master Services Agreement to 31 March 2022.

As the Master Services Agreement will expire on 31 March 2022, in order to continue to regulate the provision of the Services, on 22 December 2021, the Company (for itself and on behalf of its affiliates) and the Ma Family (for itself and on behalf of its affiliates) entered into the New Master Services Agreement for a term of three years commencing from 1 April 2022 to 31 March 2025.

Each of the Ma Companies is ultimately owned and controlled by the Ma Family, certain members of whom are executive Directors and/or Controlling Shareholders. Accordingly, each member of the Ma Family is a connected person of the Company pursuant to the GEM Listing Rules and the Services Transactions will constitute continuing connected transactions of the Company pursuant to Chapter 20 of the GEM Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given that one or more of the applicable percentage ratios (as set out in the GEM Listing Rules) of the Annual Caps in respect of the Services Transactions is more than 5% but are less than 25% and the Annual Caps exceed HK\$10,000,000, the New Master Services Agreement is subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

References are made to the announcements issued by the Company dated 2 February 2021, 2 June 2021, 11 June 2021 and 14 December 2021. As the Company is currently seeking to transfer its listing status from GEM to the Main Board, in the event that the listing of the Shares is successfully transferred during the term of the New Master Services Agreement, the Services Transactions contemplated thereunder as well as the terms and conditions thereof shall be subject to the Main Board Listing Rules until the end of the term.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Dr. Ng Ka Sing, David, Ms. Chang Wai Ha and Mr. Yau Siu Yeung, has been established to advise the Independent Shareholders as to (i) whether the terms of the Services Transactions and the proposed Annual Caps are fair and reasonable; (ii) whether entering into the Services Transactions conducted in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote on the relevant ordinary resolution to be proposed at the EGM to approve the New Master Services Agreement, the Services Transactions and the proposed Annual Caps. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

OUR INDEPENDENCE

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships with or interests in the Company or any other parties that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, there was no engagement between the Group and Lego Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transactions. Accordingly, we are qualified to give independent advice in respect of the New Master Services Agreement, the Services Transactions and the proposed Annual Caps.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have considered, amongst other things, (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Company and its advisers; (iii) the opinions expressed by and the representations of the management of the Group (the "**Management**"); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us by the Directors and/or the Management for which they are solely and wholly responsible for, or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the time they were made and continue to be true as at the date of the EGM and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors, the Management and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the EGM.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company, or any of their respective subsidiaries and associates.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the proposed Annual Caps, and except for its inclusion in the Circular and for the purpose of the EGM, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice in respect of the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group and the parties to the New Master Services Agreement

The Group is principally engaged in the provision of security services and facility management services across public and private sectors in Hong Kong. The companies which are directly or indirectly owned and controlled by members of the Ma Family (other than the Group) are engaged in a wide range of businesses across various industries, such as the real estate, public light bus, finance, food and beverage and hotel management.

Certain Ma Companies have been engaging the Group for the provision of Services for their own real estates and public light bus facilities in Hong Kong prior to the entering of the Master Services Agreement (when needed) as well as during the two years ended 31 March 2021 and up to the Latest Practicable Date.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Each of the Ma Companies is ultimately owned and controlled by the Ma Family, certain members of whom are executive Directors and/or Controlling Shareholders. Accordingly, each member of the Ma Family is a connected person of the Company pursuant to the GEM Listing Rules and the Services Transactions will constitute continuing connected transactions of the Company pursuant to Chapter 20 of the GEM Listing Rules.

2. Historical financial information of the Group

The table below sets out a summary of the consolidated financial result of the Group for the two years ended 31 March 2021 and the six months ended 30 September 2021, as extracted from the Company's annual report for the year ended 31 March 2021 (the "2021 Annual Report") and interim report for the six months ended 30 September 2021 (the "2021 Interim Report"):

	For the year ended		For the six
	31 March		months ended
	2020	2021	30 September
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	481,571	365,833	252,711
Profit and total comprehensive income for the year/period	47,088	66,212	30,160
Total assets	210,158	251,719	280,947
Total liabilities	58,182	49,531	74,599
Net assets	151,976	202,188	206,348

For the year ended 31 March 2021, the Group's revenue amounted to approximately HK\$365.8 million, which has decreased by approximately HK\$115.7 million or approximately 24.0% as compared to the year ended 31 March 2020. The decrease was mainly driven by the decrease in revenue derived from short-terms ad-hoc general manned guarding services relating to public order events with a Hong Kong railway corporation in security services segment. The Group recorded revenue of approximately HK\$252.7 million for the six months ended 30 September 2021.

Although the Group recorded a decrease in revenue, the Group's profit and total comprehensive income for the year ended 31 March 2021 increased to approximately HK\$66.2 million from approximately HK\$47.1 million for the year ended 31 March 2020, which represented an increase of approximately 40.6%. Excluding the non-recurring listing expenses, the Group's profit and total comprehensive income for the year ended 31 March 2021 amounted to approximately HK\$70.9 million, which represented an increase of approximately 13.2%, comparing to the adjusted net profit of the Group for the year ended 31 March 2020, which amounted to approximately HK\$62.6 million. The Group recorded a profit and total comprehensive income of approximately HK\$30.2 million for the six months ended 30 September 2021.

3. Reasons for and benefits of the entering into of the New Master Services Agreement

As stated above, the Group is principally engaged in the provision of security services and facility management services across public and private sectors in Hong Kong. The companies which are directly or indirectly owned and controlled by members of the Ma Family (other than the Group) are engaged in a wide range of businesses across various industries, such as the real estate, public light bus, finance, food and beverage and hotel management.

Certain Ma Companies have been engaging the Group for the provision of security services and facility management services for their own real estates and public light bus facilities in Hong Kong prior to the entering of the Master Services Agreement (when needed) as well as during the two years ended 31 March 2021 and up to the Latest Practicable Date.

The Ma Companies shall continue to engage the Group for the provision of the Services. The Management (i) believes the New Master Services Agreement will bring stable income, reinforce the Group's revenue stream and cash flow and facilitate the future development plans of the Group; (ii) considers that the entering into of the New Master Services Agreement is in the ordinary and usual course of business of the Group; and (iii) considers that the terms of the New Master Services Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board does not consider that there is any disadvantage to the Group in entering into the New Master Services Agreement.

Having considered the nature of the Services Transactions provided to the Ma Companies are consistent with the principal activities of the Group, we concur with the Management that the entering into of and the transactions contemplated under the New Master Services Agreements are conducted in the ordinary and usual course of business of the Group.

4. Principal terms of the New Master Services Agreement

On 22 December 2021, the Company (for itself and on behalf of its affiliates) and the Ma Family (for itself and on behalf of its affiliates) entered into the New Master Services Agreement for a term of three years commencing from 1 April 2022 to 31 March 2025. Save for the revision of the Annual Caps, all other terms and conditions of the New Master Services Agreements shall remain unchanged.

For the details of the principal terms of the New Master Services Agreements, please refer to the sub-section headed "New Master Services Agreement" in the Letter from the Board.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. The existing caps and historical transaction amounts

The table below sets out (i) the historical transaction amounts in respect of the Services Transactions for the two years ended 31 March 2021 and the nine months ended 31 December 2021; (ii) the annualised historical transaction amounts in respect of the Services Transactions for the year ending 31 March 2022; and (iii) the existing annual caps for each of the three financial years ending 31 March 2022:

	Historical transaction amounts			For the year ending 31 March 2022 <i>(For illustrative purpose only)</i> HK\$'000
	For the year ended 31 March 2020	2021	For the nine months ended 31 December 2021	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Transaction amount of provision of security services	7,546	7,616	6,488	8,651 <i>(note)</i>
Existing annual caps	8,500	10,000	8,250	11,000
Utilisation rate	88.8%	76.2%	78.6%	78.6% <i>(on annualised basis)</i>
Transaction amount of provision of facility management services	12,853	13,385	10,141	13,521 <i>(note)</i>
Existing annual caps	13,500	15,000	12,750	17,000
Utilisation rate	95.2%	89.2%	79.5%	79.5% <i>(on annualised basis)</i>

Note: For the nine months ended 31 December 2021, the aggregate transaction amount of provision of security services and facility management services were approximately HK\$6,488,000 and HK\$10,141,000, respectively. The annualised transaction amount of provision of security services and facility management services for the year ending 31 March 2022, for illustrative purpose only, were approximately HK\$8,651,000 and HK\$13,521,000, respectively. Given the Fees charged by the Group were mostly payable on a monthly basis, the projection of the aggregate transaction amount for the year ending 31 March 2022 is estimated on a prudent basis by simple annualisation. Such estimation does not take into account Services under new contracts commenced/to be commenced after 31 December 2021 or contracts that ended/to be ended between 1 January 2022 and 31 March 2022, and thus the actual utilisation rate may vary.

As illustrated in the table above, we noted that the utilisation rate of the aggregate annual caps under the Master Services Agreement were constantly high for the three years ending 31 March 2022, which indicated that the Company had adopted a prudent approach in estimating the transaction amounts and respective annual caps in the past.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. The proposed Annual Caps

The table below sets out the proposed Annual Caps in respect of the Services Transactions contemplated under the New Master Services Agreement for the three financial years ending 31 March 2025:

	Proposed Annual Caps for the year ending 31 March		
	2023	2024	2025
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Transaction amount of provision of			
— security services	11,000	12,500	15,000
— facility management services	<u>17,000</u>	<u>19,000</u>	<u>23,000</u>
Total	<u>28,000</u>	<u>31,500</u>	<u>38,000</u>

The proposed Annual Caps for the security services

As stated in the Letter from the Board, the estimation of the proposed Annual Caps in respect of provision of security services was based on (i) the historical total transaction amounts for the year ended 31 March 2021 and the annualised transaction amounts estimated for the year ending 31 March 2022; (ii) three potential contracts which the Company is currently in negotiation with the Ma Companies which if materialized, are currently expected to commence in 2023; and (iii) the estimated growth rates for each of the three years ending 31 March 2025 of nil, approximately 13.6% and 20.0%, respectively, based on (a) the pricing policy adopted by the Group, in particular, the expected increase in statutory minimum wage by approximately 7.6%, nil and 7.6%, respectively and the expected increase in inflation by approximately 3.4%, 1.7% and 1.7%, respectively for each of the three years ending 31 March 2025 which has been factored in the estimation of the proposed Annual Caps; and (b) the Directors' estimate of a buffer of 10.0% to account for any unexpected increase in demand of the security services. The outbreak of the COVID-19 pandemic has had an impact on the market conditions and business performance of the Group for the two years ended 31 March 2021, and accordingly, the historical growth rates for the corresponding years have been affected. In light of the foregoing, it is prudent to not adopt the average historical growth rate for the three years ended 31 March 2021 of approximately 2.8% as basis for the estimation of the proposed Annual Caps.

The historical total transaction amounts for the year ended 31 March 2021 and the annualised transaction amounts estimated for the year ending 31 March 2022 amounted to approximately HK\$7.6 million and HK\$8.7 million, respectively, which increased for approximately 14.5%. Whilst the average historical growth rate in transaction amounts for the three years ended 31 March 2021 was approximately 2.8%.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the Letter from the Board and advised by the Management, the services fees chargeable by the Group from the Ma Companies for the provision of security services under the New Master Services Agreement were determined after arm's length negotiations between the parties and on a cost-plus basis with no material difference as compared to other Independent Third Party customers of the Group. The Group estimated the costs primarily comprising (i) the labour costs and overhead costs with reference to the urgency of the intended timetable, location, complexity of the work or services, estimated time to be spent on the preparation of work or services and any factors affecting the supply of manpower; (ii) the number of full-time and casual employees required and their salaries; and (iii) the potential impact of change in statutory minimum wage pursuant to the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) from time to time and inflation. After working on an estimated cost, the Group then determined on a profit margin to be charged with reference to the then prevailing margin charged by the Group to Independent Third Parties customers for comparable services, which such profit margin shall not be less than 10% for security services and 8% for facility management services, respectively. The services fees chargeable by the Group shall in any event be no more favourable to the Ma Companies than those offered by the Group to any of the other Independent Third Party customers of the Group.

In light of the abovementioned factors, the Directors are of the view that they have adopted a relatively conservative approach in estimating the respective growth rates for each of the three years ending 31 March 2025 and the proposed Annual Caps in respect of the provision of security services.

The proposed Annual Caps for the facility management services

The estimation of the Annual Caps in respect of provision of facility management services was based on (i) the historical total transaction amounts for the year ended 31 March 2021 and the annualised transaction amounts estimated for the year ending 31 March 2022; (ii) three potential contracts which the Company is currently in negotiation with the Ma Companies which if materialised, are currently expected to commence in 2023; and (iii) the estimated growth rates for each of the three years ending 31 March 2025 of nil, approximately 11.8% and 21.1%, respectively, based on (a) the pricing policy adopted by the Group, in particular, the expected increase in statutory minimum wage by approximately 7.6%, nil and 7.6%, respectively and the expected increase in inflation by approximately 3.4%, 1.7% and 1.7%, respectively for each of the three years ending 31 March 2025 which has been factored in the estimation of the proposed Annual Caps; and (b) the Directors' estimate of a buffer of 10.0% to account for any unexpected increase in demand of the facility management services. The outbreak of the COVID-19 pandemic has had an impact on the market conditions and business performance of the Group for the two years ended 31 March 2021, and accordingly, the historical growth rates for the corresponding years have been affected. In light of the foregoing, it is prudent to not adopt the average historical growth rate for the three years ended 31 March 2021 of approximately 31.9% as basis for the estimation of the proposed Annual Caps.

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The historical total transaction amounts for the year ended 31 March 2021 and the annualised transaction amounts estimated for the year ending 31 March 2022 amounted to approximately HK\$13.4 million and HK\$13.5 million, respectively, which increased for approximately 0.7%. Whilst the average historical growth rate in transaction amounts for the three years ended 31 March 2021 was approximately 31.9%.

As disclosed in the Letter from the Board and advised by the Management, the services fees chargeable by the Group from the Ma Companies for the provision of facility management services under the New Master Services Agreement were determined after arm's length negotiations between the parties and on a cost-plus basis with no material difference as compared to other Independent Third Party customers of the Group. The Group estimated the costs primarily comprising (i) the labour costs and overhead costs with reference to the urgency of the intended timetable, location, complexity of the work or services, estimated time to be spent on the preparation of work or services and any factors affecting the supply of manpower; (ii) the number of full-time and casual employees required and their salaries; and (iii) the potential impact of change in statutory minimum wage pursuant to the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) from time to time and inflation. After working on an estimated cost, the Group then determined on a profit margin to be charged with reference to the then prevailing margin charged by the Group to Independent Third Parties customers for comparable services, which such profit margin shall not be less than 10% for security services and 8% for facility management services, respectively. The services fees chargeable by the Group shall in any event be no more favourable to the Ma Companies than that offered by the Group to any of the other Independent Third Party customers of the Group.

In light of the abovementioned factors, the Directors are of the view that they have adopted a relatively conservative approach in estimating the respective growth rates for each of the three years ending 31 March 2025 and the proposed Annual Caps in respect of the provision of facility management services.

7. Assessment of the proposed Annual Caps

In order to assess the fairness and reasonableness of the proposed Annual Caps, we have obtained and reviewed the projection of the Management for the demand of Services from Ma Companies in estimating the proposed Annual Caps, and enquired with the Management on the basis and assumptions underlying for the determination of the proposed Annual Caps.

We have obtained and reviewed the breakdown of the calculation of proposed Annual Caps from the Management. According to the breakdown, the Management estimated that (i) the services fees chargeable for the security services and facility management services of the Group are expected to increase, and (ii) the demand from the Ma Companies on the existing security services and facility management services will remain relatively stable. As advised by the Management, we are given to understand that the market conditions and business performance of the Group for the two years ended 31 March 2021 have been affected by the outbreak of the COVID-19 pandemic, and therefore the Company adopted a relatively conservative pricing strategy for the Services Transactions. In light of the Fees had not been

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raised during the respective periods, the transaction amount for the two years ended 31 March 2021 leveled at approximately HK\$20.4 million and HK\$21.0 million respectively, and the annualised transaction amount for the year ending 31 March 2022 leveled at approximately HK\$22.2 million.

With the expected gradual recovery from the impact of the COVID-19 pandemic in Hong Kong, the Directors are optimistic that a service fee appreciation for the provision of security services and facility management services, taking into account of the expected increase of inflation rate and statutory minimum wage adjustment for the three years ending 31 March 2025 would maximise the interest of the Company.

As advised by the Management, we understood that the inflation rate is estimated with reference to the year-on-year changes of composite consumer price index issued by the Census and Statistic Department in October 2021. We have cross-checked such estimated inflation rates with the respective composite consumer price indexes published by the Census and Statistic Department, which was same as the estimation adopted by the Management. Further to our discussion with the Management, we understood that the statutory minimum wage requirement is revised every two years, the estimated statutory minimum wage adjustment is estimated with reference to the average of such increment for the past 10 years. We have cross-checked the estimated statutory minimum wage to the respective data published by the Labour Department of Hong Kong, which was same as the estimation adopted by the Management. In light of the adjustments based on inflation rate and the statutory minimum wage is estimated with reference to the statistic issued by the Hong Kong government, we consider that such adjustments are made according to reliable sources of information, hence the adjustments are fair and reasonable.

To mitigate the negative effects arising from the COVID-19 pandemic in reviewing the pricing trends, we further considered the transaction amount of the Services Transactions for the three years ended 31 March 2019, which is considered to be unaffected by COVID-19. The transaction amount increased from approximately HK\$6.8 million for the year ended 31 March 2017 to approximately HK\$13.2 million for the year ended 31 March 2018, and further increased to approximately HK\$17.7 million for the year ended 31 March 2019, representing a CAGR of approximately 60.8% during the period. We also noted that there was price appreciation for the renewal of contracts before the COVID-19 pandemic. Eight out of nine and six out of ten contracts in relation to the provision of security services and facility management services, respectively, had increased the relevant fees upon their renewal, with an increment approximately ranged from 10.0% to 13.1% and from 17.4% to 39.6%, respectively. In addition, the Management advised that the business plan in fee appreciation of the provision of services for the year ending 31 March 2023 to other Independent Third Party customers are comparable to that offered to the Ma Companies.

Given the nature of the provision of security services and facility management services, the service fees are payable by the customers to the Group on a monthly basis. As a result, the Directors are of the view that a stable revenue stream is expected to be generated from the customers of the Group. Pursuant to the historical service agreements entered into between the Ma Companies and the Company, the terms of service generally last for a period of one to two years. Based on the Management's assumptions that the existing projects awarded in

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relation to the Services Transactions as at 30 September 2021 shall be renewed upon expiry, the transaction amount generated from the existing projects represented approximately 85.0%, 96.5% and 90.8% of the proposed Annual Cap in the respective year.

In respect of the estimation of the buffer of 10.0%, we discussed with the Management and noted that such buffer was incorporated to account for any unexpected increase in demand of the security services and facility management services in the market. According to the Hong Kong Property Review dated 30 April 2021 issued by Rating and Valuation Department of the Hong Kong government, we noted that the forecast completions of (i) the private domestic housing increase by approximately 9.6% to 19,984 units; (ii) the private office increase by approximately 287.3% to 275,000 square metres; and (iii) the private commercial properties increase by approximately 226.4% to 173,000 square metres, in the year of 2022. Further to the Chief Executive's 2021 Policy Address issued by the Hong Kong government, the Hong Kong government had various policies to increase housing and land supply for residential use, including but not limited to, allocating approximately 350 hectares of land to produce around 330,000 public housing units and securing approximately 170 hectares of land to produce around 100,000 private housing units for the coming 10 years. The increasing completion of development in residential and commercial properties is expected to support the growth in the demand of security services and facility management services.

In addition, we noted from other Hong Kong listed companies' circulars regarding continuing connected transactions that the incorporation of a buffer of 10.0% in the proposed annual caps are common among listed companies in Hong Kong. In light of (i) the increasing residential and commercial properties completion and supply; and (ii) the common practice of incorporating a buffer of 10.0% in the proposed annual caps, we consider such buffer to be fair and reasonable for the Company to (i) cater for potential fluctuations of the actual size of contracts and market conditions; and (ii) provide flexibility over the terms of the New Master Services Agreement.

We have also considered the historical transaction amounts under the existing Master Services Agreement for the each of the years ended 31 March 2019 and 2020, and the nine months ended 31 December 2021. We also noted that approximately 100.0%, 100.0%, and 93.3%, of contracts in relation to Services Transactions are renewed for the three years ended 31 March 2021, respectively. As disclosed in the sub-section "The existing caps and historical transaction amounts", the constantly high utilisation rate of the existing annual caps and the high renewal rate of the Services Transactions for the three years ended 31 March 2021 reflected a stable and recurring business nature of the provision of security services and facility management services to the Ma Companies.

In addition, for our due diligence purpose, we have randomly obtained and reviewed more than 50% of the services agreements and quotations in relation to the provision of security services and facility management services entered into between the Company and the Ma Companies for the year ended 31 March 2021 and the six months ended 30 September 2021 (the "**Review Period**"). We have compared the terms of such services agreements and quotations to that entered into between the Company and other Independent Third Parties customers for the provision of security services and facility management services in the Review Period. Based on the samples obtained, we noted that (i) the service fees offered to

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the Ma Companies were no less favourable to the Group than those offered to the Independent Third Party customers; and (ii) all the services agreements were renewed upon expiry, except for one agreement regarding facility management services. Taking into consideration of (i) the recurring nature of the services agreements; and (ii) the services agreements and quotations we obtained have accounted for all of services provided to the Ma Companies, we consider terms of the New Master Services Agreement offered by the Company to the Ma Companies were comparable and no less favourable to the Group than the terms offered to the Independent Third Party customers. We have also obtained a breakdown of profit margin of the contracts of security services and facility management services entered into between the Company and the Ma Companies under the Master Services Agreement in the Review Period and noted that (i) the profit margin of the historical transactions was not less than 10% for security services and 8% for facility management services, respectively; and (ii) the sampled historical transactions under the Master Services Agreement followed the pricing policy as disclosed in the Letter from the Board.

Furthermore, as advised by the Management, the Company is continuously reaching out for new contracts and is currently in active negotiation of three potential new contracts from the Ma Companies, which are currently expected to commence in 2023 if they are materialised. We have reviewed the memorandum communicated by the Ma Companies to the Group in relation to the potential new contracts with the Company for the provision of security services and facility management services for three commercial properties. We have also obtained and reviewed the fee proposals of such potential contracts, which contained the estimations of the service fee for two years ending 31 March 2025. The service fee regarding to security services and facility management services will utilise over 15% and over 16% of the Annual Caps in relation to security services and facility management services, respectively, for each of the two years ending 31 March 2025 if the potential new contracts materialise. In light of (i) an historical fee appreciation before the COVID-19 pandemic; and (ii) the three potential contracts in negotiation with the Ma Companies, we consider that (i) the estimated growth rates in relation to security services for each of the three years ending 31 March 2025 of nil, approximately 13.6% and 20.0%, respectively; and (ii) the estimated growth rates in relation to facility management services for each of the three years ending 31 March 2025 of nil, approximately 11.8% and 21.1%, respectively, are with reasonable basis.

Having considered that (i) the appreciation of services fees chargeable in relation to the Services Transactions for the year ending 31 March 2023; (ii) the stable nature of the income stream of the Services Transactions; and (iii) a potential growth in demand for the provision of security services and facility management services, including but not limited to three potential new contracts in relation to securities services, we are of the view that adopting (i) an aggregate growth rate of nil, approximately 13.6% and 20.0% for the security services; and (ii) the aggregate growth rate of nil, approximately 11.8% and 21.1% for the facility management services as the calculation basis of the proposed Annual Caps for the three years ending 31 March 2025 are fair and reasonable.

8. Internal Control Measures for Continuing Connected Transactions

As stated in the Letter from the Board, the Group will adopt the following internal control measures in connection with the Services Transactions and Fees under the New Master Services Agreement:

The Services Transactions

- (i) the relevant personnel from the financial department will closely monitor the Services Transactions to ensure that the transaction amounts do not exceed the proposed Annual Caps and will report his/her findings to the management of the Company on a monthly basis;
- (ii) the entering into and implementation of individual contracts shall be subject to appropriate approval of the management of the Company;
- (iii) the management of the Company will on a monthly basis examine the relevant pricing terms and monitor industry practice on the provision of similar services to ensure that the terms in relation to the Services Transactions contemplated under the New Master Services Agreement are fair and reasonable and are no more favourable to the Ma Family than those to Independent Third Parties;
- (iv) the external auditors of the Company shall conduct annual reviews on the pricing terms to ensure that the transaction amounts are within the proposed Annual Caps and that the Services Transactions are conducted on the principal terms of the New Master Services Agreement;
- (v) the audit committee of the Company will conduct an annual review of the pricing terms and transaction amounts in respect of the Services Transactions under the New Master Services Agreement; and
- (vi) the independent non-executive Directors shall review the management's reports on the Services Transactions under the New Master Services Agreement.

The Fees

- (i) the relevant personnel from the finance departments of the Company will closely examine the Fees and compare them with the services fees available to Independent Third Party customers (including the profit margin adopted) and will report their findings to the management of the Company on a monthly basis;
- (ii) the management of the Company will monitor closely factors affecting the estimation of cost for providing the Services to the Ma Companies, including but not limited to the prevailing market conditions, supply of manpower, relevant laws and regulations relating to labour, etc., and update the estimated cost in each individual transaction under the New Master Services Agreement from time to time;

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- (iii) the setting of Fees as a clause contained in each individual transaction shall be subject to the examination and approval from the management of the Company; and
- (iv) the management of the Company shall review on a monthly basis and consider the historical average price of similar services provided to Independent Third Party customers in order to ascertain whether the mark-up in the Fees is on normal commercial terms and on terms no less favourable than terms available to Independent Third Party customers.

In this connection, we have obtained and reviewed the relevant internal control policies of the Group which stipulate the procedures to be complied with in conducting connected transactions. We considered that there are adequate internal control measures in place to monitor and ensure the services fees charged for the Services are no more favourable to the connected persons than those charged to Independent Third Parties. To the best of our knowledge, the internal control measures are operated effectively in general based on our review of the services agreements and quotations as disclosed in this letter.

The Directors confirmed that the Company shall comply with the requirements under the GEM Listing Rules pursuant to which (i) the values of the transactions under the New Master Services Agreements must be restricted by the proposed Annual Caps for the period concerned under the New Master Services Agreements; (ii) the terms of the transactions under the New Master Services Agreements must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the transactions contemplated under the New Master Services Agreements must be included in the Company's subsequent published annual reports and financial accounts.

Furthermore, it is also required by the GEM Listing Rules that the auditors of the Company must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the transactions contemplated under the New Master Services Agreements (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the listed issuer's group if the transactions involve the provision of goods or services by the listed issuer's group; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) have exceeded the annual caps.

In the event that the total amounts of the transactions contemplated under the New Master Services Agreements are anticipated to exceed the proposed Annual Caps, or that there is any proposed material amendment to the terms of the New Master Services Agreements, as confirmed by the Directors, the Company shall re-comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

In light of the abovementioned, we concur with the view of the Directors that the internal control measures above can ensure that the transactions contemplated under the New Master Services Agreements are on normal commercial terms and that the terms of such transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered (i) principal activities of the Company are of the same nature of Services Transactions; (ii) the high utilisation rate of the existing annual caps; (iii) the price appreciation in the provision of the services is comparable to the price offered to the Independent Third Party customers; and (iv) the stable recurring nature of the Services Transactions with the Ma Companies, we are of the opinion that (i) the terms of the Services Transactions and the proposed Annual Caps are fair and reasonable; (ii) the Services Transactions contemplated under the New Master Services Agreement are conducted in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM to approve the New Master Services Agreement, the Services Transactions and the proposed Annual Caps.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Joshua Liu
Managing Director

Mr. Joshua Liu is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 20 years of experience in the securities and investment banking industries.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.

2. DISCLOSURE OF INTEREST

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

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executive 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 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 Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

(i) Long position in the Shares

Name of Directors	Nature of interest/holding capacity	Number of ordinary Shares held	Approximate percentage of issued share capital of the Company ⁽⁶⁾
Mr. Ma Ah Muk ⁽¹⁾	Interest under section 317 of the SFO ⁽¹⁾	560,000,000	70.0%
Mr. Ma Kiu Sang ("Mr. KS Ma") ^(2&3)	Interest in a controlled corporation ⁽³⁾ and under section 317 of the SFO ⁽²⁾	560,000,000	70.0%
Mr. Ma Kiu Mo ("Mr. KM Ma") ^(2&4)	Interest in a controlled corporation ⁽⁴⁾ and under section 317 of the SFO ⁽²⁾	560,000,000	70.0%
Mr. Ma Kiu Man, Vince ("Mr. Vince Ma") ^(2&5)	Interest in a controlled corporation ⁽⁵⁾ and under section 317 of the SFO ⁽²⁾	560,000,000	70.0%

Notes:

- Note 1:* Pursuant to the Deed of AIC Confirmation, whereby parties had confirmed, among others, the existence of their acting in concert arrangement, Mr. Ma Ah Muk is deemed to be interested in all the Shares held by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, through Morewood, Mandarin and 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 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 the Latest Practicable Date.

(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 ⁽²⁾	3	100%
	Morewood	Interest under section 317 of SFO ⁽²⁾	1	100%
	Mandarin	Interest under section 317 of SFO ⁽²⁾	1	100%
	Cambridge	Interest under section 317 of SFO ⁽²⁾	1	100%
Mr. KS Ma	Morewood	Beneficial owner ⁽¹⁾	1	100%
	IWS BVI	Interest in a controlled corporation and under section 317 of SFO ⁽²⁾	3	100%
Mr. KM Ma	Mandarin	Beneficial owner ⁽³⁾	1	100%
	IWS BVI	Interest in a controlled corporation and under section 317 of SFO ⁽²⁾	3	100%
Mr. Vince Ma	Cambridge	Beneficial owner ⁽⁴⁾	1	100%
	IWS BVI	Interest in a controlled corporation and under section 317 of SFO ⁽²⁾	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.

(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 the Latest Practicable Date, 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 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 ⁽⁸⁾
IWS BVI	Beneficial owner	560,000,000	70.0%
Morewood	Interest in a controlled corporation ⁽¹⁾	560,000,000	70.0%
Mandarin	Interest in a controlled corporation ⁽²⁾	560,000,000	70.0%
Cambridge	Interest in a controlled corporation ⁽³⁾	560,000,000	70.0%
Ms. Cheng Pak Ching	Interest of spouse ⁽⁴⁾	560,000,000	70.0%
Ms. Chow Yick Tung	Interest of spouse ⁽⁵⁾	560,000,000	70.0%
Ms. Choi Lai Form	Interest of spouse ⁽⁶⁾	560,000,000	70.0%
Ms. Ho Yin Nei	Interest of spouse ⁽⁷⁾	560,000,000	70.0%

Notes:

Note 1: The Company is owned as to 70.0% 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 70.0% 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 70.0% 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 Latest Practicable Date.

Save as disclosed above and to the best knowledge of the Directors, as at Latest Practicable Date, 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 Executive’s 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 that was required to be recorded in the register required to be kept by the Company pursuant section 336 of the SFO.

3. DIRECTORS’ INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2021 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, save as the connected transactions contemplated under the Master Services Agreement, none of the Directors was materially interested in any contract or arrangement entered into by the Group, which was subsisting and was significant in relation to the business of the Group.

4. INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, the Controlling Shareholders and their respective close associates (as defined in the GEM Listing Rules) were interested in any business apart from the Group’s business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

As at the Latest Practicable Date, neither the Company’s compliance adviser, Red Solar Capital Limited (the “**Compliance Adviser**”) nor any of its directors, employees or close associates (as defined in the GEM Listing Rules) were interested in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

5. INTEREST OF COMPLIANCE ADVISER

As at the Latest Practicable Date, as notified by 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.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Company or its subsidiaries since 31 March 2021 (being the date to which the latest audited consolidated financial statements of the Group were made up) and up to the date of this circular.

7. QUALIFICATION AND CONSENT OF EXPERT

The followings are the qualification of the expert who has given opinions or advice which are contained in this circular:

Name	Qualification
Lego Corporate Finance Limited	a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Lego Corporate Finance Limited was not interested in any Shares or shares in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any direct or indirect interest in any asset which had been, since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Lego Corporate Finance Limited has given and has not withdrawn its written consents to the issue of this circular with the inclusion of its letter, report, advice, opinion and/or references to its name in the form and context in which they respectively appear.

The letter and recommendation given by the Lego Corporate Finance Limited are given as of the date of this circular for incorporation herein.

8. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which is not determinable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation.

9. GENERAL

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is 1/F, Hang Seng Castle Peak Road Building, 339 Castle Peak Road, Cheung Sha Wan, Kowloon, Hong Kong.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Mr. Wong Chi Kong, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (d) The compliance officer of the Company is Mr. Leo Ma.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

10. DOCUMENTS ON DISPLAY

A copy of the New Master Services Agreement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.iws.com.hk>) for the period of 14 days from the date of this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “**Extraordinary General Meeting**”) of IWS Group Holdings Limited (the “**Company**”) will be held at Dragon Place Restaurant, G/F, 280-288 Un Chau Street, Cheung Sha Wan, Kowloon, Hong Kong on Friday, 4 March 2022 at 3:00 p.m. for the following purposes:

ORDINARY RESOLUTIONS

“THAT:

- (a) the New Master Services Agreement (as defined in the circular to the shareholders of the Company dated 11 February 2022 (the “**Circular**”)) be and is hereby approved, ratified and confirmed and any one director of the Company (the “**Director**”) be and is hereby authorised to approve any changes and amendments thereto as he/she may consider necessary, desirable or appropriate;
- (b) the Annual Caps (as defined in the Circular) in relation to the Services Transactions (as defined in the Circular) contemplated under the New Master Services Agreement for the term of three years commencing from 1 April 2022 to 31 March 2025 be and are hereby approved; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) all other Services Transactions contemplated under the New Master Services Agreement be and are hereby approved and any one Director be and is hereby authorised to do all such acts and things, to sign and execute all such further documents and to take such steps as the Director in his/her discretion may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the New Master Services Agreement, or any of the Services Transactions contemplated under the New Master Services Agreement and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents, which are not fundamentally different from those as provided under the New Master Services Agreement) as are, in the opinion of the Director, in the interests of the Company and its shareholders as a whole.”

By Order of the Board
IWS Group Holdings Limited
Ma Ah Muk

Executive Director and chairman of the Board of Directors

Hong Kong, 11 February 2022

Registered Office:

Cricket Square
Hutchins Drive P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*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

Notes:

1. All resolutions at the Extraordinary General Meeting will be taken by poll (except where the chairman decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands) pursuant to the GEM Listing Rules. The results of the poll will be published on the GEM's website at www.hkgem.com and the Company's website at <http://www.iws.com.hk> in accordance with the GEM Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the shareholder to speak at the meeting. A proxy need not be a shareholder of the Company. A shareholder of the Company who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. If more than one proxy is appointed, the number of Shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy.
3. A form of proxy for use at the Extraordinary General Meeting is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Extraordinary General Meeting or any adjournment thereof.

NOTICE OF EXTRAORDINARY GENERAL MEETING

4. Completion and delivery of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the Extraordinary General Meeting or any adjournment thereof should they so wish, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any Shares, any one of such joint holder may vote, either in person or by proxy, in respect of such Shares as if he were solely entitled to vote, but if more than one of such joint holders are present at the Extraordinary General Meeting, the most senior holder shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names of the joint holders stand on the register of members of the Company in respect of the joint holding.
6. The register of members of the Company will be closed from Tuesday, 1 March 2022 to Friday, 4 March 2022 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to determine the identity of members who are entitled to attend and vote at the Extraordinary General Meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 28 February 2022.
7. Due to the constantly evolving Coronavirus Disease 2019 (COVID-19) pandemic situation in Hong Kong, the Company may be required to change the Extraordinary General Meeting arrangements at short notice. Shareholders should check the Company's website at <http://www.iws.com.hk> for future announcements and updates on the Extraordinary General Meeting arrangements.
8. If typhoon signal no. 8 or above, or a "black" rainstorm warning is hoisted or remains hoisted at 1:00 p.m. on the date of the Extraordinary General Meeting, the meeting will be postponed. The Company will post an announcement on the GEM's website at www.hkgem.com and the Company's website at <http://www.iws.com.hk> to notify shareholders of the Company of the date, time and place of the rescheduled meeting.
9. As at the date of this notice, 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 Dr. Ng Ka Sing, David, Ms. Chang Wai Ha and Mr. Yau Siu Yeung.