

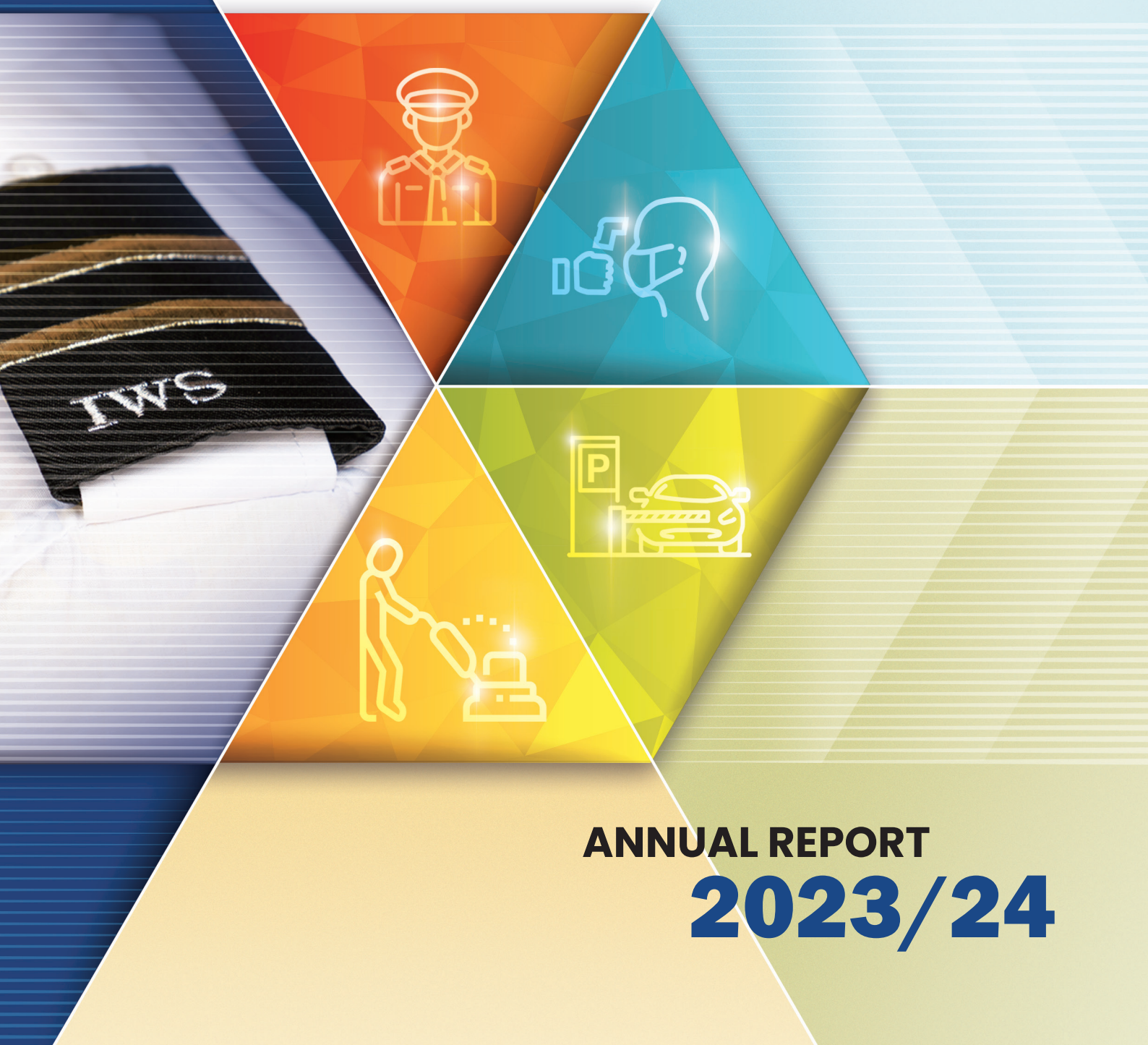


IWS Group Holdings Limited

國際永勝集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock code: 6663



ANNUAL REPORT

2023/24

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IWS



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

AUTHORISED REPRESENTATIVES

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

COMPLIANCE OFFICER

Mr. Ma Yung King, Leo

COMPANY SECRETARY

Mr. Wong Chi Kong

LEGAL ADVISER

Iu, Lai & Li Solicitors and Notaries

AUDITOR

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

PRINCIPAL BANKER

Hang Seng Bank Limited

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

29/F, Excel Centre
No. 483A Castle Peak Road
Kowloon, Hong Kong

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

6663

WEBSITE

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



FINANCIAL HIGHLIGHTS

SELECTED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

	FY2024 (HK\$'000)	FY2023 (HK\$'000)
Revenue	401,994	392,496
Profit before taxation	17,065	21,425
Profit and total comprehensive income for the year	13,658	17,645

NET PROFIT AND EXCLUDING GOVERNMENT GRANTS

	FY2024 (HK\$'000)	FY2023 (HK\$'000)
Profit and total comprehensive income for the year	13,658	17,645
Less: government grants	–	(2,836)
Net profit and excluding government grants	13,658	14,809

SELECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS

	As at 31 March	
	FY2024 (HK\$'000)	FY2023 (HK\$'000)
Non-current assets	13,165	10,654
Current assets	241,577	235,357
Current liabilities	44,260	38,809
Net current assets	197,317	196,548
Non-current liability	1,617	–
Net assets/Total equity	208,865	207,202

FINANCIAL HIGHLIGHTS

SELECTED CONSOLIDATED STATEMENT OF CASH FLOWS

	FY2024 (HK\$'000)	FY2023 (HK\$'000)
Net cash (used in) from operating activities	(30,035)	45,474
Net cash (used in) from investing activities	(17,826)	2,250
Net cash used in financing activities	(13,688)	(44,611)
Net (decrease) increase in cash and cash equivalents	(61,549)	3,113
Cash and cash equivalents at beginning of the year	120,180	117,067
Cash and cash equivalents at end of the year	58,631	120,180

KEY FINANCIAL RATIOS

	As at 31 March	
	2024/ FY2024	2023/ FY2023
Adjusted net profit margin (%)	3.4	3.8 ⁽¹⁾
Adjusted return on equity (%)	6.5	7.1 ⁽¹⁾
Adjusted return on total assets (%)	5.4	6.0 ⁽¹⁾
Interest coverage (times)	86.8	499.3
Current ratio (times)	5.5	6.1
Quick ratio (times)	5.5	6.1
Gearing ratio (%)	1.4	0.2
Average trade receivables turnover days (days)	119	119
Average trade payables turnover days (days)	10	2

Note:

- Ratio calculation excluded government grants of approximately HK\$2.8 million for the year ended 31 March 2023.



CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of IWS Group Holdings Limited (the "**Company**", together with its subsidiaries, collectively referred to as the "**Group**"), it is my pleasure to present to you the annual report of the Group for the year ended 31 March 2024.

OVERVIEW

During the financial year ended 31 March 2024 ("**FY2024**"), Hong Kong embarks on a new journey from stability to prosperity and is gradually recovering from the Coronavirus Disease 2019 ("**COVID-19**") pandemic. Despite the challenging conditions, the Group took effective cost control measures in order to raise its economic efficiency and sustain its long-term business growth. In addition, the well-trained, flexible and committed labour force offered by the Group, together with a clear testament to the strength of the "IWS" brand, which is held in high esteem by its customers.

During FY2024, the Group recorded an increase in revenue of approximately 2.4% from approximately HK\$392.5 million for the financial year ended 31 March 2023 ("**FY2023**") to approximately HK\$402.0 million. The increase was mainly driven by the revenue derived from the security services segment because of the reopened Hong Kong - Mainland China border. The Group's profit and total comprehensive income for the year decreased to approximately HK\$13.7 million in FY2024 from approximately HK\$17.6 million in FY2023, down by approximately 22.6%.

A final dividend for FY2024 of HK1.20 cents per ordinary share, totaling HK\$9,600,000 based on 800,000,000 issued ordinary shares has been proposed by the Directors (FY2023: HK1.50 cents per ordinary share) and is subject to approval by the shareholders at the forthcoming annual general meeting.



CHAIRMAN'S STATEMENT

FORWARD

Moving forward, the Group will continue to strengthen its corporate image and additional financial resources for exploring opportunities in the security services and facility management services markets in Hong Kong. To capture the rich potential, the Group will expand the scope of its security services business, enhance its capability in providing facility management services, improve operational efficiency and scalability, and selectively pursue strategic acquisition and investment opportunities by preliminary assessing the possibility of any potential targets, all of which aim at the ultimate goal of becoming the leading integrated facility management services provider in Hong Kong.

I would like to take this opportunity to express my heartfelt gratitude to the Board, the management team and the entire workforce of the Group for their dedication and diligence over the past year. I would also like to extend my sincerest appreciation to all of the Group's customers, business partners and shareholders for their continuing confidence and unstinting support for the Group over the years despite a challenging year ahead. The Board is optimistic that in a long view, the Group will enhance shareholder value and contribute sustainable growth.

Ma Kiu Sang

Chairman

Hong Kong, 13 June 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

For the year ended 31 March 2024, the COVID-19 pandemic has gradually stabilised and Hong Kong embarks on a new journey from stability to prosperity. The demand for the Group's security services continued to grow. This is attributable to the well-established "IWS" brand, which stands for quality security services and facility management services to its customers in Hong Kong.

FINANCIAL OVERVIEW

Revenue

The Group's revenue increased by approximately HK\$9.5 million or 2.4% from approximately HK\$392.5 million for the year ended 31 March 2023 to approximately HK\$402.0 million for the year ended 31 March 2024, such increase was mainly due to the combined effect of the Group's two business segments as explained below:

Security services

Revenue generated from the security services segment increased by approximately HK\$8.7 million or 2.4% from approximately HK\$368.3 million for the year ended 31 March 2023 to approximately HK\$377.0 million for the year ended 31 March 2024. Such increase was primarily due to increase in revenue derived from manpower support services, representing an increase of approximately HK\$32.9 million or 20.1% as compared with the corresponding figure for the year ended 31 March 2023 mainly because of the reopened Hong Kong – Mainland China border.

Facility management services

Revenue generated from the facility management services segment increased by approximately HK\$0.8 million, or 3.2% from approximately HK\$24.2 million for the year ended 31 March 2023 to approximately HK\$25.0 million for the year ended 31 March 2024. The increase was primarily due to a new cleaning service contract during the year ended 31 March 2024.

Employee benefit expenses

Employee benefit expenses increased by approximately HK\$34.1 million, or 10.4% from approximately HK\$326.6 million for the year ended 31 March 2023 to approximately HK\$360.7 million for the year ended 31 March 2024 mainly due to (i) increase in total headcount for the reopened Hong Kong – Mainland China border and several newly awarded services contracts for the year ended 31 March 2024 and (ii) increase in retirement benefit scheme of approximately HK\$1.5 million for the year ended 31 March 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and marketing expenses

Selling and marketing expenses increased by approximately HK\$0.2 million or 9.7% from approximately HK\$1.9 million for the year ended 31 March 2023 to approximately HK\$2.1 million for the year ended 31 March 2024. Such increase was mainly due to the increase in the commission paid to the Group's sales agents because of the increase in deployment of the Group's security guards in the private sector.

Subcontracting costs

Subcontracting costs decreased by approximately HK\$21.2 million, or 72.5% from approximately HK\$29.3 million for the year ended 31 March 2023 to approximately HK\$8.1 million for the year ended 31 March 2024. Such decrease was mainly due to COVID-19 related costs no longer being incurred for the year ended 31 March 2024.

Other operating expenses

Other operating expenses increased by approximately HK\$1.0 million, or 6.7% from approximately HK\$14.9 million for the year ended 31 March 2023 to approximately HK\$15.8 million for the year ended 31 March 2024. Such increase was mainly due to (i) increase in depreciation of property, plant and equipment of approximately HK\$0.3 million; and (ii) increase in depreciation of right-of-use assets of approximately HK\$0.3 million during the year ended 31 March 2024.

Income tax expense

Income tax expenses decreased by approximately HK\$0.4 million, or 9.9% from approximately HK\$3.8 million for the year ended 31 March 2023 to approximately HK\$3.4 million for the year ended 31 March 2024. The decrease was primarily due to the decrease in assessable profit. The effective tax rate was approximately 17.6% and 20.0% for the years ended 31 March 2023 and 2024, respectively. Excluding (i) the non-taxable government grant of approximately HK\$2.8 million recognised for the year ended 31 March 2023, and (ii) non-deductible expenses of HK\$6.1 million and HK\$5.6 million recognised for the year ended 31 March 2023 and 2024, respectively, the effective tax rate would be approximately 15.3% and 15.0% for the years ended 31 March 2023 and 2024, respectively, which is in line with the prevailing rate.

Profit and total comprehensive income for the year

As a result of the above-mentioned factors, profit and total comprehensive income for the year decreased by approximately HK\$4.0 million, or 22.6% from approximately HK\$17.6 million for the year ended 31 March 2023 to approximately HK\$13.7 million for the year ended 31 March 2024. Net profit margin decreased from approximately 4.5% for the year ended 31 March 2023 to approximately 3.4% for the year ended 31 March 2024. Excluding the government grant of approximately HK\$2.8 million recognised during the year ended 31 March 2023, adjusted profit and total comprehensive income for the years ended 31 March 2023 and 2024 amounted to approximately HK\$14.8 million and HK\$13.7 million, respectively. Net profit margin decreased to approximately 3.4% for the year ended 31 March 2024 compared with approximately 3.8% for the year ended 31 March 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 31 March 2024, the Group had bank balances and cash and pledged bank deposits of approximately HK\$73.6 million, representing a decrease of approximately HK\$46.5 million or 38.7% from approximately HK\$120.2 million as at 31 March 2023.

As at 31 March 2024, the Group had net current assets and net assets of approximately HK\$197.3 million (31 March 2023: HK\$196.5 million) and approximately HK\$208.9 million (31 March 2023: HK\$207.2 million), respectively. As at 31 March 2024, the Group's current ratio, calculated based on current assets divided by current liabilities of the Group, was 5.5 times (31 March 2023: 6.1 times).

As at 31 March 2024, total borrowings of the Group amounted to approximately HK\$3.0 million (31 March 2023: HK\$0.5 million) and total equity was approximately HK\$208.9 million (31 March 2023: HK\$207.2 million). As at 31 March 2024, the Group's gearing ratio, calculated based on total borrowings divided by total equity, was 1.4% (31 March 2023: 0.2%).

As at 31 March 2024, the Group had bank facilities with a limit of HK\$95.0 million (including a temporary increase of facility limit of HK\$15.0 million), of which HK\$56.7 million had been utilised.

As at 31 March 2024, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$208.9 million (31 March 2023: HK\$207.2 million), comprising issued share capital and reserves.

FOREIGN EXCHANGE RISK

The majority of the Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollars. During the year ended 31 March 2024, there was no material impact on the Group arising from the fluctuation in the foreign exchange rates. The Group did not engage in any derivatives agreements and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 March 2024.

CREDIT RISK

The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. The Group normally provides services to customers or projects from public sector in Hong Kong, which accounts for over 80% of the Group's trade receivables at the end of the reporting period, and therefore the directors of the Company believe the risk of non-recoverability is generally low. At 31 March 2024, the Group's trade receivables amounted to approximately HK\$80.0 million (31 March 2023: HK\$82.3 million) and over 60% and 90% of the amount are attributable from the single largest customer and five largest customers respectively. The Group has been closely following up with the customers on those receivables especially those amounts with longer age. There were subsequent settlements from these customers and the Group will continue to follow up on the full settlement. Details of the Group's credit risk management policies and the information about the expected credit loss are set out in notes 15 and 26 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2024. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

SEGMENT INFORMATION

Segment information for the Group is presented in note 4 to the consolidated financial statements.

PERFORMANCE BONDS

As at 31 March 2024, the Group had outstanding performance bonds of approximately HK\$56.7 million (31 March 2023: HK\$44.6 million) issued by the Group's bank with corporate guarantees from the Company to fulfil the obligation of providing contract securities using existing bank facilities for contracts with (i) a Hong Kong railway corporation, relating to the Guangshen'gang XRL; and (ii) the Hong Kong Government in the Group's normal course of business.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2024.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 31 March 2024, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

SHARE CAPITAL

Details of the share capital are set out in note 22 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 31 March 2024, bank deposits of approximately HK\$15.0 million (31 March 2023: Nil) had been pledged against the bank guarantee letters for a subsidiary of the Company. Save as aforesaid, the Group did not have any other pledged assets.

CAPITAL COMMITMENTS

As at 31 March 2024, the Group did not have any material capital commitment (31 March 2023: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, the Group had 2,631 employees (31 March 2023: 2,964 employees). Staff costs of the Group, including Directors' remuneration, were approximately HK\$360.7 million for the year ended 31 March 2024 (31 March 2023: HK\$326.6 million). To ensure that it is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed regularly. In addition, discretionary bonus is offered to eligible employees subject to the Group's results and individual performance.

CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any significant contingent liabilities or guarantees (31 March 2023: Nil). The Group is currently not involved in any material legal proceedings, nor is it aware of any proceedings or potential material legal proceedings.

FUTURE STRATEGIES AND PROSPECTS

The market size of security services in Hong Kong increased from approximately HK\$22.1 billion in 2015 to approximately HK\$28.0 billion in 2020, representing a compound annual growth rate (the "CAGR") of approximately 4.8%. The market size of the security services in Hong Kong is expected to grow to approximately HK\$39.9 billion in 2025, at a CAGR of approximately 7.7% from 2021 to 2025. It is further expected that the market size of security services in the public sector in Hong Kong will grow to approximately HK\$1,640.8 million in 2025, at a CAGR of approximately 5.7% from 2021 to 2025. Given the expected growth in both Type I security work and security services in the Hong Kong public sector, the Group believes that there will be an increasing demand for its security services in the future to sustain its development.

The development of the security services industry is related to the expansion of infrastructure, transportation, buildings and real estate activities. Generally, the numbers of public facilities, commercial properties and residential properties would be able to indicate on the growth potential of the industry. With the gradual completion of these mega-scale railway and transportation infrastructure projects, demand for security services, especially crowd coordination and management services, in the public transportation sector is expected to grow significantly. In view of this favourable background, the demand for security services is forecasted to experience an outstanding growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Facility management is the integrated management of various activities or interactions arising from the use or occupation of premises. Facility management services generally include (i) property management services; (ii) car parking rental and management services; and (iii) cleaning services.

The market size of facility and venue management services in Hong Kong experienced a growth from approximately HK\$47.8 billion in 2015 to approximately HK\$63.2 billion in 2020, representing a CAGR of approximately 5.7% and is forecasted to reach approximately HK\$81.8 billion in 2025 with a CAGR of approximately 5.3% from 2021 to 2025. With the continued growth of property development market in Hong Kong, market for facility and venue management services, car parking rental and management services and cleaning services maintains a stable growth rate. The facility and venue management services market is the largest part of the facility management services market in Hong Kong. The cleaning services market recorded a growth from approximately HK\$10.4 billion in 2015 to approximately HK\$14.8 billion in 2020, representing a CAGR of approximately 7.3%, while the car parking rental and management services market increased from approximately HK\$4.9 billion in 2015 to approximately HK\$6.3 billion in 2020, representing a CAGR of approximately 5.2%.

In view of the above-mentioned favourable backgrounds, the Group believes that the demand for security services and facility management services will experience an outstanding growth.

Looking ahead, the Group will continue to carry out its proven business strategies, and expand customer base by delivering high-quality services to meet their changing needs. In addition, the Group will take effective cost control measures in order to raise its economic efficiency and sustain its long-term business growth.

USE OF PROCEEDS FROM THE LISTING

The Shares were listed on GEM (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 22 October 2019 (the “**GEM Listing**”) and were successfully transferred to the Main Board (the “**Main Board**”) of the Stock Exchange on 7 March 2022. The Company received net proceeds (after deduction of listing expenses) from the GEM Listing of approximately HK\$32.0 million (the “**Net Proceeds**”) .

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2024, the Group had partially utilised the Net Proceeds in the manner consistent with that mentioned in the section headed “Statement of Business Objectives and Use of Proceeds” of the prospectus of the Company dated 30 September 2019 (the “**Prospectus**”) and the section headed “Business — IMPLEMENTATION OF BUSINESS STRATEGIES AND USE OF PROCEEDS — Use of proceeds” of the listing document of the Company dated 28 February 2022 (the “**Listing Document**”):

	Actual net proceeds from the GEM Listing (HK\$'000)	Amount utilised as at 31 March 2024 (HK\$'000)	Amount unutilised as at 31 March 2024 (HK\$'000)	Expected timetable for the usage of the unutilised Net Proceeds as at 31 March 2024
Expanding our business in security services				
(i) Recruitment of security service personnel	5,600	5,600	–	N/A
(ii) Contract securities	7,600	7,600	–	N/A
(iii) Acquisition of patrol vehicles	1,000	1,000	–	N/A
	14,200	14,200	–	
Enhancing our capability in providing facility management services				
(i) Acquisition of machines and equipment	4,100	–	4,100	On or before 31 March 2025
(ii) Expansion of our operation team and sales and marketing team	1,000	1,000	–	N/A
	5,100	1,000	4,100	
Improving operational efficiency and scalability				
(i) Upgrade of information technology infrastructure	3,000	832	2,168	On or before 31 March 2025
(ii) Establishment of a control room	2,000	2,000	–	
	5,000	2,832	2,168	
Payment for outstanding bank loan				
	4,500	4,500	–	N/A
General working capital				
	3,200	3,200	–	N/A
	32,000	25,732	6,268	

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2024, approximately HK\$25.7 million of the Net Proceeds from the GEM Listing had been utilised.

Given that (i) the Group's failure to secure new facility management services tenders submitted as of the year ended 31 March 2024 which affected its plan to acquire machines and equipment to enhance its capability in providing facility management services; and (ii) the Group has upgraded its information technology in a cost-efficient manner, after due and careful consideration, the Directors have decided to delay, for 12 months, the planned use of the unused Net Proceeds in relation to (a) the acquisition of machines and equipment; and (b) the upgrade of information technology infrastructure whereby such unused Net Proceeds are expected to be fully utilised by 31 March 2025.

As at the date of this report, save as the above-mentioned adjustments, there was no change in the intended use of Net Proceeds and the expected timetable as previously disclosed in the section headed "Statement of Business Objectives and Use of Proceeds" of the Prospectus and the section headed "Business — IMPLEMENTATION OF BUSINESS STRATEGIES AND USE OF PROCEEDS — Use of proceeds" of the Listing Document. The unutilised Net Proceeds of approximately HK\$6.3 million have been placed as interest-bearing deposits with licensed banks in Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. MA Kiu Sang (馬僑生) (“Mr. KS Ma”), aged 68, is the Chairman of the Company and executive Director and is primarily responsible for the overall corporate and business strategic formulation of the Group. He is the brother of Mr. Ma Kiu Mo (“**Mr. KM Ma**”) and Mr. Ma Kiu Man, Vince (“**Mr. Vince Ma**”), and the father of Mr. Ma Yung King, Leo (“**Mr. Leo Ma**”).

Mr. KS Ma has been a director of Yan Yan Motors Limited since 1984. He has over 30 years of experience in the public light bus industry. He also engages in businesses covering various industries including real estate, finance, food and beverage, security services and hotel management. Along with other members of the Ma Family, Mr. KS Ma ventured into the security services sector in 2008 when they acquired International Wing Shing Security Management Limited (“**IWS Security**”) and subsequently tapped into the provision of facility management services in 2016 with an aim to satisfy the Group’s customers’ different needs through providing a spectrum of facility services which involve property management services, car parking rental and management services, cleaning services and hotel management services. Mr. KS Ma has been the director of IWS Security since its acquisition as well as the director of each of International Wing Shing Property Management Limited (“**IWS PM**”), IWS Cleaning Services Limited (“**IWS Cleaning**”), IWS Carpark Management Limited (“**IWS Carpark**”) and IWS Tunnel Management Limited (“**IWS Tunnel Management**”) since their respective date of incorporation and the director of IWS Carpark (JV 1) Limited (“**IWS Carpark (JV)**”) since 14 March 2019. Since the founding of the Group, with the assistance of the Group’s senior management who possess in-depth industry knowledge expertise in various areas including security services and facility management services, Mr. KS Ma along with the other executive Directors oversees the overall corporate and business strategic formulation of the Group.

Since 2005, Mr. KS Ma serves as the chairman of Public Light Bus General Association. He has been the division leader and managing director of Hong Kong Chiu Chow Chamber of Commerce since September 2008 and September 2012, respectively. Mr. KS Ma was the vice chairman of Hong Kong Land Transport Council from June 2017 to June 2020. He was also conferred the Medal of Honour by the Hong Kong Government in 2016. Mr. KS Ma attended secondary school education in Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

Mr. MA Kiu Mo (馬僑武), aged 66, is an executive Director and is primarily responsible for the overall corporate and business strategic formulation of the Group. He is the brother of Mr. KS Ma and Mr. Vince Ma, and the uncle of Mr. Leo Ma.

Mr. KM Ma has been a director of Yan Yan Motors since 1996. He has over 20 years of experience in the public light bus industry. He also engages in businesses covering various industries including real estate, finance, food and beverage, security services and hotel management. Along with other members of the Ma Family, Mr. KM Ma ventured into the security services sector in 2008 when they acquired IWS Security and subsequently tapped into the provision of facility management services in 2016 with an aim to satisfy the Group's customers' different needs through providing a spectrum of facility services which involve property management services, car parking rental and management services, cleaning services and hotel management services. Mr. KM Ma has been the director of IWS Security since its acquisition as well as the director of each of IWS PM, IWS Cleaning, IWS Carpark and IWS Tunnel Management since their respective date of incorporation. Since the founding of the Group, with the assistance of the Group's senior management who possess in-depth industry knowledge expertise in various areas including security services and facility management services, Mr. KM Ma along with the other executive Directors oversees the overall corporate and business strategic formulation of the Group. Mr. KM Ma attended secondary school education in Hong Kong in 1975.

Mr. MA Kiu Man, Vince (馬僑文), aged 62, is an executive Director and is primarily responsible for the overall corporate and business strategic formulation of the Group. He is the brother of Mr. KS Ma and Mr. KM Ma, and the uncle of Mr. Leo Ma.

Mr. Vince Ma has been a director of Yan Yan Motors since 1995. He has over 20 years of experience in the public light bus industry. He also engages in businesses covering various industries including real estate, finance, food and beverage, security services and hotel management. Along with other members of the Ma Family, Mr. Vince Ma ventured into the security services sector in 2008 when they acquired IWS Security and subsequently tapped into the provision of facility management services in 2016 with an aim to satisfy the Group's customers' different needs through providing a spectrum of facility services which involve property management services, car parking rental and management services, cleaning services and hotel management services. Mr. Vince Ma has been the director of IWS Security since its acquisition as well as the director of each of IWS PM, IWS Cleaning, IWS Carpark and IWS Tunnel Management since their respective date of incorporation. Since the founding of the Group, with the assistance of the Group's senior management who possess in-depth industry knowledge expertise in various areas including security services and facility management services, Mr. Vince Ma along with the other executive Directors oversees the overall corporate and business strategic formulation of the Group.

Mr. Vince Ma obtained a bachelor of science from the University of Guelph in Canada in June 1985 and graduated from the University of Toledo in the United States with a master of science in physics in December 1991.

DIRECTORS AND SENIOR MANAGEMENT

Mr. MA Yung King, Leo (馬雍景), aged 35, is an executive Director and is primarily responsible for the overall corporate strategic formulation, business management, execution and operation of the Group. He is the son of Mr. KS Ma, the nephew of Mr. KM Ma and Mr. Vince Ma.

Mr. Leo Ma first joined Koon Wing Motors Limited, the largest operator of green minibuses in Hong Kong, in January 2011, where he was responsible for the public light bus fleet management. He left Koon Wing Motors Limited in March 2012 and re-joined the company in October 2016 and is currently serving as its director. He co-founded Trinity Insurance (International) Agency Limited, a company incorporated in Hong Kong which principally engages in the provision of insurance agency services in Hong Kong, in December 2011. He has also been a director of Corporate Icon Limited, a company incorporated in Hong Kong which principally engages in property holding, since October 2011. Between May 2013 and May 2014, Mr. Leo Ma worked as a product development engineer in Niche-Tech (Hong Kong) Limited ("**Niche-Tech (HK)**"), a company principally engaged in trading of semiconductor packaging materials. Mr. Leo Ma has been a non-executive director of Niche-Tech Group Limited ("**Niche-Tech**"), a company listed on GEM of the Stock Exchange (stock code: 8490) and is the holding company of Niche-Tech (HK), from September 2017 to March 2021. He was responsible for the overall strategic planning of Niche-Tech.

Mr. Leo Ma obtained a Bachelor of Science in Mechanical Engineering in May 2010 and a Master of Science in Mechanical Engineering in December 2010 from Carnegie Mellon University in the United States.

Independent non-executive Directors

Dr. NG Ka Sing, David (吳家聲) ("Dr. Ng"), aged 67, is an independent non-executive Director. He is primarily responsible for supervising and providing independent advice on the operation and management of the Group.

Dr. Ng was formerly an Assistant Commissioner of the Hong Kong Police Force where he served for more than 30 years. From 2008 to 2010 he was the Police Public Relations Branch Chief Superintendent when he acted as the Force's Spokesman.

From 2012 to 2019 Dr. Ng was Adjunct Assistant Professor at the Sociology Department of the Chinese University of Hong Kong, and then Adjunct Associate Professor of the University of Hong Kong from 2021 to 2023. He was appointed as an Advisory Board Member at Lingnan University of Hong Kong from September 2012 to August 2018. In October 2016, Dr. Ng was appointed as an Adjunct Associate Professor of Hong Kong Shue Yan University for a period of four years, and this appointment has been extended to March 2024. In February 2018, he was appointed as a member of the Hospital Governing Committee of Queen Elizabeth Hospital for the period from April 2018 to March 2020, and this appointment has also been extended to March 2024.

Dr. Ng was awarded the Hong Kong Police Medal for Meritorious Service in 2004 and the Hong Kong Police Medal for Distinguished Service in 2011. In January 2020 Dr. Ng was appointed as an Honorary Advisor of the Hong Kong Police College, and in January 2022 this appointment was extended to December 2025.

Dr. Ng obtained his Master of Social Sciences from the University of Hong Kong in 1990, and in 2012 he received his Doctoral degree in Philosophy in Sociology from the Chinese University of Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

Ms. CHANG Wai Ha (鄭惠霞) (“Ms. Chang”), aged 56, is an independent non-executive Director. She is primarily responsible for supervising and providing independent advice on the operation and management of the Group.

Ms. Chang has over 20 years of experience in financial reporting, auditing and accounting. She is the founder, and is currently practising as a certified public accountant, of W H Chang Certified Public Accountant (Practising) which was established in October 2015. She joined Katax C.P.A. Limited, which has been engaged in the provision of accounting, auditing, consultancy and taxation services, as audit senior in May 2008 and was then promoted to be the audit manager in January 2013 when she was mainly responsible for performing auditing works and preparing tax computations. From January 2000 to April 2007, Ms. Chang was employed as accountant and administration manager of a group of companies of Wing Tat Engineering (Holdings) Limited, businesses of which range from provision of civil and engineering works, to rental of plant, to investment property. From March 1993 to November 1999, she worked as an accountant at Designworks & Associates Limited. On 1 February 2019, Ms. Chang has been appointed as an independent non-executive director of Trinity General Insurance Company Limited, a company which is wholly-owned by late Mr. Ma Ah Muk.

Ms. Chang obtained a diploma in accounting (currently re-titled as advanced diploma of accounting) from The University of Hong Kong School of Professional and Continuing Education in December 2002. She graduated with a bachelor of commerce in accounting and finance in September 2005 from Curtin University of Technology in Australia. She has been a member of the Hong Kong Institute of Certified Public Accountants since 2013.

Mr. YAU Siu Yeung (游紹揚) (“Mr. Yau”), aged 38, is an independent non-executive Director. He is primarily responsible for supervising and providing independent advice on the operation and management of the Group.

Mr. Yau has over seven years of experience in the legal industry. He currently works as a senior associate in K.B. Chau & Co.. He was the company secretary of OOH Holdings Limited (stock code: 8091), a company listed on GEM of the Stock Exchange, from August 2016 to July 2017. Prior to joining K.B. Chau & Co., Mr. Yau was the operation director of Media Savvy Marketing Limited, a wholly-owned subsidiary of OOH Holdings Limited since 2006 and principally engaged in provision of advertising display services, from June 2006 to June 2013.

Mr. Yau was admitted as a solicitor of the High Court of Hong Kong in November 2015. Mr. Yau graduated with a bachelor's degree of social sciences in public policy and administration in July 2009 from the City University of Hong Kong. He obtained a master degree of arts in social policy in December 2010, a juris doctor degree in November 2012 and postgraduate certificate in laws in July 2013 from The Chinese University of Hong Kong, respectively.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. CHOI Ming Fai Andy (蔡明輝) (“Mr. Andy Choi”), aged 55, joined the Group as operations director on 1 June 2008 and was promoted to be the chief executive officer on 15 May 2018. He is primarily responsible for supervising and managing the overall business operations of the Group.

Mr. Andy Choi has more than 20 years of experience in the security services industry. Prior to joining the Group, he worked at various security companies during the period from December 1997 to January 2007 where he was responsible for providing bank supporting services and guarding services. In particular, Mr. Andy Choi worked at Vigers Security Limited from May 2005 to December 2006 and worked at Securicor Hong Kong Limited (currently known as Brink’s Cash Solutions (Hong Kong) Limited subsequent to the acquisition by the Brink’s Company in 2020) from December 1997 to February 1998. He was a member of the Hong Kong Auxiliary Police, with roles ranging from internal security, to assistance in natural disasters or civil emergencies, to support during crowd management from September 1988 to August 2014. He was awarded the Hong Kong Auxiliary Police Long Service Medal in 2003.

Mr. Andy Choi has obtained the Property Management Practitioner (Tier 1) License which is valid from 17 May 2021 to 16 May 2024, and further extends to 16 May 2027. He was elected a basic member of both Hong Kong Institute of Security Managers and Hong Kong Institute of Property Managers in July 2021. Mr. Andy Choi was appointed as OSH Ambassador recognised by Occupational Safety and Health Council from October 2009 to October 2012. He completed his secondary education at Mei Foo Sun Chuen St. Teresa College in Hong Kong in June 1985.

Mr. KWONG Tat Man (鄺達文) (“Mr. James Kwong”), aged 65, joined the Group as the general manager in October 2016. He is primarily responsible for the overall management of the Group.

Mr. James Kwong has over 30 years of experience in the property management industry and manned security services industry. Prior to joining the Group, he joined The Link Management Limited (currently known as Link Asset Management Limited) as a portfolio manager from October 2006 to March 2015, and was promoted to senior portfolio manager of the property management department from April 2015 to October 2016. During the period from December 1980 to October 2006, Mr. James Kwong worked at various property management companies and security management companies where he was responsible for training and supervising staff, attending owners and/or residents meetings, handling complaints, budgeting and cost control, business development, and general management.

He has been an associate member and professional member of the Royal Institution of Chartered Surveyors since November 1998 and September 2016, respectively. He was registered as a professional housing manager on the Housing Managers Registration Board in January 2004. He was elected a member of the Hong Kong Institute of Housing in October 2003, a member of the Chartered Institute of Housing in November 2003, and a member of The Chartered Institute of Logistics and Transport in March 2021. He has obtained the Property Management Practitioner (Tier 1) License which is valid from 25 February 2021 to 24 February 2024, and further extends to 24 February 2027.

Mr. James Kwong was awarded the Certificate in Building Studies and the Higher Certificate in Building Studies from the then Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in November 1983 and November 1985, respectively. He graduated from City University of Hong Kong with a bachelor of arts (Honours) in housing studies in November 2003.

DIRECTORS AND SENIOR MANAGEMENT

Ms. LEE Lai Sheung (李麗嫦) (“Ms. Fenny Lee”), aged 54, joined the Group as an administrative manager in April 2008. She is primarily responsible for the management of human resources and administration of the Group. Prior to joining the Group, Ms. Fenny Lee worked at various companies where she was responsible for recruitment and training of staff, reporting of employees’ performances, and handling of administrative tasks. Ms. Fenny Lee completed secondary school education in Hong Kong in 1988.

Mr. WONG Chi Kong (王志剛) (“Mr. Wong”), aged 41, joined the Group as the financial controller in April 2018. He is primarily responsible for overseeing the overall financial operation and company secretarial matters of the Group.

Mr. Wong has over 11 years of experience in auditing and accounting. Prior to joining the Group in April 2018, Mr. Wong worked at Margaret Wong & Co., a certified public accounting firm in Hong Kong, since April 2007 where he was responsible for performing auditing and tax works. During the period from October 2005 to April 2007, Mr. Wong has worked at Y’s Consulting Limited, a company principally engaged in provision of accounting, auditing and taxation services.

Mr. Wong obtained a bachelor of arts degree in accounting from the Napier University in Edinburgh in January 2009. He has been a member of the Hong Kong Institute of Certified Public Accountants since 2012.

COMPANY SECRETARY

Mr. WONG Chi Kong (王志剛), aged 41, was appointed as the Group’s company secretary on 24 May 2018. He is responsible for corporate secretarial duties and corporate governance matters in relation to the Company. Please refer to the subsection headed “Directors and Senior Management — Senior Management” above for his qualifications and experience.

COMPLIANCE OFFICER

Mr. Leo Ma has been appointed as the compliance officer of the Company. Please refer to the subsection headed “Directors and Senior Management — Directors — Executive Directors” above for his qualifications and experience.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 March 2024.

CORPORATE GOVERNANCE PRACTICES

The Company places high value on the corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of the Shareholders. The Company has adopted the principles and the code provisions set out in the Corporate Governance code (the "**CG Code**") contained in Appendix C1 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year. During the year ended 31 March 2024, the Company had complied with all the applicable code provisions of the CG Code.

C.2 of the CG Code stipulates that there should be a clear division of the management of the Board and the day-to-day management of the business. Day-to-day management of the business of the Group are carried out by the chief executive officer and senior management and monitored by the executive Directors, while prior approvals by all executive Directors are required for all strategic decisions which are also considered and confirmed in formal Board meeting. The balance of power and authority of the Company is ensured by the operations of the Board which comprises experienced and competent individuals, with three of them being independent non-executive Directors. The Group believes that the existing management structure and decision making procedures are adequate and in the best interest of the Group to cope with the ever-changing economic environment.

The Board convened four Board meetings during the year ended 31 March 2024 to, among others, consider and approve the audited annual results, unaudited interim results and the unaudited first and third quarterly results of the Group. The Company expects to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the statutory requirements and regulations and the CG Code and align with the latest developments.

BOARD OF DIRECTORS

Board Composition

As at the date of this report, the Board comprises seven members, of which four are executive Directors, namely Mr. Ma Kiu Sang (chairman), Mr. Ma Kiu Mo, Mr. Ma Kiu Man, Vince and Mr. Ma Yung King, Leo and three are independent non-executive Directors, namely Dr. Ng Ka Sing, David, Ms. Chang Wai Ha and Mr. Yau Siu Yeung.

CORPORATE GOVERNANCE REPORT

Each of the Directors' respective biographical details is set out in the section headed "Directors and Senior Management" of this report. Save as disclosed in the aforesaid section, none of the Directors has any relationship (including financial, business, family or other material/relevant relationship) with any other Directors or any chief executive. The Board had three independent non-executive Directors with one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise at all times during the year ended 31 March 2024.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to the code provision C.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and performed by different individuals to ensure a balance of power and authority so that power is not concentrated in any one individual.

The chairman and chief executive officer of the Company are Mr. Ma Kiu Sang and Mr. Choi Ming Fai, Andy respectively. The roles of the chairman and chief executive officer are segregated and assumed by two separate individuals who have no relationship with each other. It is aimed at striking a balance of power and authority so that the job responsibilities are not concentrated on any one individual.

The chairman of the Board is responsible for the leadership and effective running of the Board, while the chief executive officer is delegated with the authorities to manage the business of the Group in all aspects effectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has entered into a service agreement with the Company for a term of three years and such service agreement may be terminated by either party giving at least one month's notice in writing. Also, the independent non-executive Directors are subject to re-election on retirement by rotation at the annual general meeting in accordance with the Articles of Association of the Company.

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors namely Dr. Ng Ka Sing, David, Ms. Chang Wai Ha and Mr. Yau Siu Yeung to be independent in accordance with the relevant independence requirements for the year ended 31 March 2024 and as at the date of this report.

ROLE AND FUNCTION OF THE BOARD

The Board is responsible for the overall management of the Company's business, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

CORPORATE GOVERNANCE REPORT

DELEGATION BY THE BOARD

The Board reserves for its decisions on all major matters of the Company, including the approval and monitoring of major policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer and senior management. The delegated functions and work tasks are reviewed from time to time. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.

The independent non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgment to the Board.

BOARD DIVERSITY AND GENDER DIVERSITY

The Company has adopted the board diversity policy on 20 September 2019 (which has been re-adopted on 18 February 2022 for the purposes of the Transfer of Listing) (the "**Board Diversity Policy**") which aims at achieving diversity in the board in order to have a balance of skills, experience and diversity of perspectives in accordance with the business nature of the Company and thereby enhances the effectiveness of the Board.

The Company's Board members have a balanced mix of experience and backgrounds, including but not limited to experience in the security services, facility management services, accounting, and legal industries. Such members obtained degrees in various majors including mechanical engineering, social sciences, accounting and finance, and law. The Board has three independent non-executive Directors with different industry backgrounds, and they together represent a third of the members of the Board. Moreover, the Company's Board members are comprised of a wide range of ages, ranging from 35 years old to 68 years old.

Pursuant to the Board Diversity Policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional qualifications, skills, knowledges and industry experience. The ultimate decision will be based on merit and the contribution that selected candidates will bring to the Board.

While we recognise that the gender diversity at the Board level can be improved given its current composition of six male Directors, with the ultimate goal of bringing our Board to gender parity, the Company will continue to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments. The Company targets to achieve a gender diversity in the composition of the Board by having female representation of not less than 20% within three years upon Transfer of Listing and, the Company will continue to apply the principle of appointments based on merits with reference to the board diversity policy as a whole.

CORPORATE GOVERNANCE REPORT

The nomination committee of the Company will review the Board Diversity Policy from time to time to ensure its continued effectiveness and where appropriate, will revise the policy with the approval from the Board.

For the gender ratio of our employees during the year ended 31 March 2024, please refer to the Environmental, Social and Governance Report of this report. The gender ratio is maintained at a reasonable level that resonates to the nature of our operation.

PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

In compliance with the code provision C.1.4 of the CG Code, all Directors had participated in continuous professional development to develop, further enhance and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company has received a written confirmation from each Director (i.e. Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma, Mr. Leo Ma, Dr. Ng Ka Sing, David, Ms. Chang Wai Ha and Mr. Yau Siu Yeung) confirming participation of the same.

The Company is committed in arranging and funding suitable training to all Directors for their continuous professional development. Each Director is briefed and updated from time to time to ensure that he/she is fully aware of his/her responsibilities under the Listing Rules and the applicable legal and regulatory requirements and the governance policies of the Group. All the Directors also understand the importance of continuous professional development and are committed to participate in any suitable training to develop and refresh their knowledge and skills.

BOARD/BOARD COMMITTEE MEETINGS

Regular Board meetings for each year are scheduled in advance to facilitate maximum attendance of Directors. All Directors are given an opportunity to include matters for discussion in the agenda. Agenda and accompanying Board papers are normally sent to all Directors within reasonable time before the intended date of a Board meeting. Full minutes are prepared after all Board meetings and the draft minutes are circulated to all Directors for their comments within a reasonable time prior to confirmation.

Minutes of Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to Board papers and related materials, and are provided with adequate information in a timely manner, which enable the Board to make an informed decision on matters placed before it.

CORPORATE GOVERNANCE REPORT

NUMBER OF MEETINGS AND ATTENDANCE RECORDS

Details of the attendance of the Directors at the Board meetings, the Board committees' meetings and general meetings during the year ended 31 March 2024 are set out in the table below:

Name of Directors	Meetings attended/Eligible to attend					Annual General Meeting
	Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	
Executive Directors						
Mr. Ma Ah Muk (deceased on 17 March 2024)	3/4	N/A	1/1	1/2	N/A	1/1
Mr. Ma Kiu Sang	4/4	N/A	1/1	N/A	1/1	1/1
Mr. Ma Kiu Mo	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Ma Kiu Man, Vince	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Ma Yung King, Leo	4/4	N/A	N/A	N/A	1/1	1/1
Independent non-executive Directors						
Dr. Ng Ka Sing, David	4/4	4/4	1/1	2/2	1/1	1/1
Ms. Chang Wai Ha	4/4	4/4	1/1	2/2	1/1	1/1
Mr. Yau Siu Yeung	4/4	4/4	1/1	2/2	1/1	1/1

Four Board meetings and four Audit Committee meetings were held during the year ended 31 March 2024. The Board convened four Board meetings during the year ended 31 March 2024 to, among others, consider and approve the audited annual results, unaudited interim results and the unaudited first and third quarterly results of the Group. The Company expects to convene at least four regular Board meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEE

The Board has established four Board Committees, namely the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”), the nomination committee (the “**Nomination Committee**”) and the risk management committee (the “**Risk Management Committee**”) in compliance with Listing Rules and for overseeing particular aspects of the Company’s affairs. All Board committees have been established with defined written terms of reference, which are posted on both the website of the Stock Exchange (where applicable) and the Company’s website at <http://www.iws.com.hk>. All the Board Committees should report to the Board on their decisions or recommendations.

Audit Committee

The Board established the Audit Committee with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules (where applicable) and paragraphs D.3.3 and D.3.7 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Ms. Chang Wai Ha, Dr. Ng Ka Sing, David and Mr. Yau Siu Yeung and Ms. Chang Wai Ha is the chairlady of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the Group’s financial reporting process, internal control and risk management systems, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board. The Audit Committee is also responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor, and considering any questions of its resignation or dismissal.

During the year ended 31 March 2024, four meetings of the Audit Committee were held to review the Group’s annual, interim, the first and the third quarterly results, the financial reporting and compliance procedures, the effectiveness of the risk management and internal control systems and considering the re-election of auditor. The meetings were attended by the Company’s external auditor so that members of the Audit Committee could exchange their views and concerns on the financial reporting process of the Group with the auditor.

The Audit Committee has considered and reviewed the Group’s annual results for the year ended 31 March 2024, the accounting principles and practices adopted by the Group and discussed matters in relation to financial reporting with the management. The Audit Committee considers that the annual financial results for the year ended 31 March 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made. The Audit Committee has reviewed the consolidated financial statements for the year ended 31 March 2024, including the material accounting policy information of the Group.

CORPORATE GOVERNANCE REPORT

Remuneration Committee

The Board established the Remuneration Committee with written terms of reference in compliance with code provision E.1.2 of the CG Code. The Remuneration Committee consists of three independent non-executive Directors, namely Dr. Ng Ka Sing, David, Ms. Chang Wai Ha and Mr. Yau Siu Yeung and Mr. Yau Siu Yeung is the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee include but without limitation, (i) making recommendations to the Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) making recommendations to the Board on the terms of the individual remuneration package of executive Directors and senior management; (iii) making recommendations to the Board on the remuneration of independent non-executive Directors; and (iv) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

The Company is committed in maintaining a directors' remuneration policy which sets remuneration package that is attractive enough to retain its Directors and encourage them to strive for the success of the Company, yet being fair and reasonable based on the actual performance and contribution of each Director at the same time. To ensure independence and fairness of such policy, no Director shall decide his/her own remuneration.

During the year ended 31 March 2024, the Remuneration Committee reviewed the performance of each executive Director and approved the performance-based bonus and remuneration package of each individual executive Director and senior management and approved the salary and bonus payable. The Remuneration Committee also determined the policy for the remuneration of executive Directors during the year ended 31 March 2024. There were no material matters relating to the share option scheme of the Company which required review or approval by the Remuneration Committee during the year ended 31 March 2024.

Pursuant to the code provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 March 2024 is set out below:

Remuneration bands (HK\$)	Number of employees
Nil to HK\$1,000,000	2
HK\$1,500,001 to HK\$2,000,000	1
HK\$3,500,001 to HK\$4,000,000	1

Details of the amount of Directors' and chief executive's emoluments for the year ended 31 March 2024 are set out in note 10 to the consolidated financial statements of this report.

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Board also established the Nomination Committee with written terms of reference in compliance with paragraph B.3.1 of the CG Code. The Nomination Committee consists of one executive Director and three independent non-executive Directors, namely Mr. Ma Kiu Sang, Ms. Chang Wai Ha, Dr. Ng Ka Sing, David and Mr. Yau Siu Yeung and Mr. Yau Siu Yeung is the chairman of the Nomination Committee.

The primary functions of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of independent non-executive Directors and making recommendations to the Board on matters relating to the appointment of Directors.

Selection Criteria

The Nomination Committee will take into account the Company's current needs and the qualities needed for the Board's service as set out below:

1. the character and integrity of the candidate;
2. candidates for Board members will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, regional and industry experience, professional experience, skills, knowledge and length of service, as well as the criterion set out in the Company's nomination policy;
3. the candidate's insight into material aspects of the Company's business;
4. the expertise of the candidate in areas that are useful to the Company and complementary to the background and experience of other Board members;
5. the candidate's willingness to take an active interest in the Company's affairs and obtain a general understanding of its business, and to devote the required amount of time to carrying out the duties and responsibilities of the Board and various committees' membership if being invited;
6. the candidate's willingness to report to the Board in a timely manner any change in his/her office held in other public companies or organisations and other significant commitments, the time involved, identities of such public companies and organisations;
7. the willingness of the candidate to refrain from engaging in activities that may be in conflict with the director's duties and responsibilities to the Company and its shareholders;

CORPORATE GOVERNANCE REPORT

8. requirement in accordance with Listing Rules and whether the candidate would be considered independent with reference to the guidelines on independence as set out in Listing Rules ;
9. the candidate's service on other boards of directors of the Group or of other companies (whether they are listed or non-listed);
10. the candidate's willingness to attend general meetings of the Company;
11. the candidate's obligation to disclose his/her information on all civil judgments of fraud, breach of duty, or other misconduct involving dishonesty (if any); and
12. the candidate's willingness to comply with Listing Rules and other regulatory requirements in full for discharging Directors' liabilities.

Nomination, appointment, re-election and removal procedures

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association of the Company. Every Director is subject to the provisions of retirement by rotation at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his or her appointment and be subject to re-election at such meeting.

The Nomination Committee has been established on 20 September 2019 to review the structure, size and composition of the Board at least annually to ensure that the Board has a balance of expertise, skill and experience appropriate to meet the requirements of the Company. This committee will identify individuals who are qualified or suitable for directorship, assess their qualifications, skill, prior experience, character and other relevant aspects including but not limited to their independence in the case of an independent non-executive Director candidate, and make recommendations to the Board on the appointment or re-appointment of Directors or the filling of casual vacancies on the Board or any other proposed changes to the Board to complement the Company's corporate strategies.

During the year ended 31 March 2024, no new Director was appointed.

During the year ended 31 March 2024, one meeting of the Nomination Committee was held to review the structure, size and composition of the Board and the expertise and independence of the independent non-executive Directors, to review the board diversity policy to ensure its effectiveness and considered that the Group has achieved the objectives of the board diversity policy during the year ended 31 March 2024, and to consider the qualifications of the retiring Directors standing for election at the forthcoming annual general meeting of the Company.

CORPORATE GOVERNANCE REPORT

Risk Management Committee

The Board has established the Risk Management Committee with written terms of reference in accordance with provision D.2 of the CG Code. The Risk Management Committee consists of two executive Directors, namely Mr. Ma Kiu Sang and Mr. Ma Yung King, Leo and three independent non-executive Directors, namely Dr. Ng Ka Sing, David, Ms. Chang Wai Ha and Mr. Yau Siu Yeung. Dr. Ng Ka Sing, David is the chairman of the Risk Management Committee.

The primary duties of the Risk Management Committee are to (i) advise the Board on risk-related issues; (ii) oversee the risk management framework to identify and deal with the risks faced by the Group such as business and financial risk; (iii) review reports on risks and breaches of risk policies; and (iv) review the effectiveness of the Company's risk control and/or mitigation plans.

During the year ended 31 March 2024, one meeting of the Risk Management Committee was held to (i) oversee the Group's risk management and internal control systems on an ongoing basis to identify and deal with financial, operational, legal, regulatory, compliance, technology, business and strategic risks faced by the Group; and (ii) review the effectiveness of the internal audit function of the Group.

CORPORATE GOVERNANCE FUNCTIONS

For the purpose of performing the corporate governance functions in accordance with code provision A.2 of the CG Code, the Board has adopted written terms of reference in accordance with code provision A.2.1 of the CG Code which provide for, among others, (i) developing and reviewing the Group's policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of the Directors and senior management of the Group; (iii) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and (v) reviewing the Company's compliance with the CG Code and disclosure in this report of the Company.

The Company will continue to review and exchange its corporate governance practices to ensure compliance with the CG Code.

CORPORATE GOVERNANCE REPORT

INTERNAL AUDIT FUNCTION

There is currently no internal audit function within the Group. However, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board has established formal policies to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations; and (ii) the Group has engaged an external consultant to perform an internal review on certain scope. The Audit Committee has reviewed the effectiveness of the Company's internal audit function and the internal audit review report for the year ended 31 March 2024.

Anti-corruption

The Group is dedicated to running the business with integrity and cultivating an ethical corporate culture. In line with the Prevention of Bribery Ordinance (Chapter 201 of the laws of Hong Kong) and other relevant laws and regulations, directors and staff members are forbidden to offer advantages to any director or staff member of another company or organisation, for the purpose of influencing such person or company in any dealings. The Group also forbids its employees from accepting any illegal rebate. Whistle-blowing policy and code of conduct guidelines are formulated which embody the principles of integrity, respect, trust and judgment. The whistle-blowing policy allows the Company's employees, customers, suppliers and other stakeholders who have concerns about any suspected misconduct or malpractice within the Company to designated person of the Company. The Audit Committee has overall responsibility for the policy. In particular, employees can report any irregularities to the designated personnel and the Group will investigate the improper behaviours. Corresponding remedial measures will be taken against the irregularities. The Group under no circumstances allows any bribery, corruption, extortion, money-laundering or other fraudulent activities. Employees are required to make declaration of interest for unavoidable potential conflict of interest. Moreover, employees are expected to possess high ethical standards and demonstrate professional conduct in all business dealings with our stakeholders.

To further prevent business frauds, an Audit Committee is also being established for continuous evaluation of the Group's internal control effectiveness, detecting potential deficiency, and identifying areas of improvement. Audit report is distributed to the responsible department for the timely remediation. The Board and the Audit Committee supervise and review the implementation and effectiveness of the internal control policies and procedures on a regular basis. During the year ended 31 March 2024, 7 members from the Board and the company secretary of the Group has participated in an internal anti-corruption training, with a total of 8 hours training.

During the year ended 31 March 2024, there was no legal action against the Group and its employees regarding corruption. During the year ended 31 March 2024, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering.

The Group considers that the existing organisation structure and close supervision by its management and the abovementioned external consultant can maintain sufficient risk management and internal control of the Group. The Board will review the need for an internal audit function by assessing the size, nature and complexity of the business of the Group from time to time.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has the overall responsibility to ensure that sound and effective risk management and internal controls are maintained, while the senior management is responsible for designing and implementing an internal controls system to manage risks. A sound system of risk management and internal controls is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has maintained internal control policies to provide sufficient guidelines for the management staff and employees of the Company to work efficiently under a standardized work procedure. The internal control policies cover various operating processes from risk assessment, financial reporting, cost management, pricing for projects, staff recruitment and training to IT system control. The internal control system is generally overseen by the executive Directors and senior management of the Group and is reviewed at least once a year. During the year ended 31 March 2024, the Group has engaged an independent professional firm to review the effectiveness of the Group's internal control measures. A report prepared by the independent professional firm has been considered and reviewed by the Audit Committee and the Risk Management Committee and considered by the Board. Having considered, among others, the changes, since the last annual review, in the nature and extent of significant risks (including environmental, social and governance risks), the Company's ability to respond to changes in its business and the external environment, the scope and quality of management's ongoing monitoring of risks (including environmental, social and governance risks) and of the internal control system, the significant control failings or weaknesses that have been identified during the year ended 31 March 2024 and the extent to which they have resulted in a material impact on the Company's financial performance or condition, and the extent and frequency of communication of monitoring results to the Board which enables it to assess control of the Company and the effectiveness of risk management, the Board concluded that the Group has maintained effective internal control measures to ensure that the operations of the Group would be in full compliance with the CG Code and the applicable laws and regulations.

In the course of conducting the business of the Group, the Company is exposed to various types of risks, including business risks, financial risks, operation and other risks. The Board is ultimately responsible for the risk management of the Group and the risk management system is reviewed at least once a year. The objectives of the risk management process are to ensure that the operations of the Group would be in full compliance with the CG Code and the applicable laws and regulations, enhance the governance and corporate management processes as well as to safeguard the Group against unacceptable levels of risks and losses.

The risk management process of the Group would involve, among others, (i) a quarterly risk identification and analysis exercise which involves assessment of the consequence and likelihood of risks and the development of risk management plans for mitigating such risks; and (ii) a quarterly review of the implementation of the risk management plans and fine tune when necessary.

During the year ended 31 March 2024, the risk management process of the Group has been reviewed, and the Board considered that process was effective and adequate for the year ended 31 March 2024. The Board also reviews the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's environmental, social and governance performance and reporting.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code"). The Company had also made specific enquiry to all Directors and each of them was in compliance with the Model Code during the year ended 31 March 2024. Further, the Company was not aware of any non-compliance with the Model Code regarding securities transactions by the Directors for the said period.

AUDITOR'S REMUNERATION

During the year ended 31 March 2024, the remuneration paid/payable in respect of audit services and non-audit services provided by Deloitte Touche Tohmatsu ("Deloitte") are set out below:

Services rendered to the Group	HK\$'000
Audit services: 2024 annual audit	1,330
Non-audit services:	
— reviews of the interim financial information of the Group	300
— preliminary announcement and continuing connected transaction	20
	1,650

DISSEMINATION OF INSIDE INFORMATION

The Group is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information about the Group. The Group has adopted a Policy on Disclosure of inside information which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. With those guidelines and procedures, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with statutory requirements and applicable accounting standards. In preparing the consolidated financial statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable judgments and estimates have been made. Having made appropriate enquiries, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

The statement of external auditor of the Company, Deloitte, about their responsibilities for the audit of the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 70 to 74.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communications with all Shareholders. The Company encourages two-way communications with both its institutional and private investors. A shareholder's communication policy was adopted by the Board on 20 September 2019 (which has been re-adopted by the Board on 18 February 2022 of the purpose of the Transfer of Listing) aiming at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. The Company reviewed the implementation and effectiveness of the shareholder's communication policy and considered it to be properly implemented and remain effective for the year ended 31 March 2024 by considering multiple channels of communication and engagement in place for the Shareholders. The annual general meeting provides a valuable forum for direct communication between the Board and the Shareholders. The Directors together with the external auditor of the company will be present at the forthcoming annual general meeting to answer Shareholders' questions about the annual results for the year ended 31 March 2024. Circulars of each annual general meeting will be distributed to all Shareholders at least 21 clear days before the meeting. Separate resolutions are proposed at general meetings on each separate issue and voting of which are taken by poll pursuant to the Listing Rules. Any results of the poll will be published on both the website of the Stock Exchange and the Company's website. All corporate communication with Shareholders will be posted on the Company's website for Shareholders' information.

During the year ended 31 March 2024, an annual general meeting was held on 19 September 2023.

The Company keeps on promoting investor relations and enhancing communication with the existing Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company Secretary at the Company's principal place of business in Hong Kong.

DIVIDEND POLICY

The Company has adopted a dividend policy which sets out guidelines for the Board to consider in deciding if and when dividends should be declared and paid, including various factors such as the actual and expected financial performance of the Company at the relevant time, the retained earnings, distributable reserves of the Company and general economic conditions and business cycle of the Group. The Directors will continue to review the dividend policy and reserve the right in their sole and absolute discretion to update, modify and/or cancel the dividend policy at any time. The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

As one of the measures to safeguard Shareholders' interest and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. All resolutions put forward at Shareholders' meeting will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the website of the Stock Exchange and the Company's website after the relevant Shareholders' meeting. Pursuant to Article 58 of the Articles of Association of the Company, extraordinary general meetings may be convened by the Board on requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Shareholders may forward proposals by following the procedures to convene an extraordinary general meeting. Such meeting shall be held within two months after the deposit of such requisition. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. If within 21 days such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Shareholders may send written enquiries or requisitions to the Company's principal place of business in Hong Kong.

COMPANY SECRETARY

The company secretary of the Company, Mr. Wong Chi Kong, is an employee of the Company and has day-to-day knowledge of the Company's affairs. Mr. Wong was appointed on 24 May 2018 and is responsible for amongst other facilitating the Board meeting process, as well as communications among Board members, with Shareholders and the management of the Company. For the year ended 31 March 2024, Mr. Wong has confirmed that he has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules (where applicable).

The biographical details of Mr. Wong are set out in the subsection headed "Directors and Senior Management — Senior Management" of this report.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 March 2024, there were no changes to the constitutional documents of the Company. An up-to-date version of the Company's Articles of Association is available on the website of Stock Exchange and the Company.

DIRECTORS' REPORT

The Board is pleased to present this report of the Directors together with the consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2024.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of security services and facility management services in Hong Kong. The Company engages in the provision of manpower support services and is an investment holding company. Details of the principal activities of the subsidiaries of the Company are disclosed in note 29 to the consolidated financial statements. There were no significant changes on the Group’s principal activities during the year ended 31 March 2024.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting is scheduled to be held on Friday, 13 September 2024 (the “**2024 AGM**”). Notice of the 2024 AGM will be published and despatched to shareholders of the Company in due course.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 March 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on page 75 of this report.

The Board recommends the payment of a final dividend of HK1.20 cents per ordinary share for the year ended 31 March 2024 (31 March 2023: HK1.50 cents per ordinary share) (the “**FY2024 Proposed Final Dividend**”). The FY2024 Proposed Final Dividend, if approved by the shareholders of the Company at the 2024 AGM, shall be payable on Monday, 14 October 2024. The shareholders whose names appear on the register of members of the Company at the close of business on Friday, 27 September 2024 will be entitled to the FY2024 Proposed Final Dividend.

CLOSURE OF REGISTER OF MEMBERS

a. For determining the entitlement of the shareholders to attend and vote at the 2024 AGM

The register of members of the Company will be closed from Tuesday, 10 September 2024 to Friday, 13 September 2024 (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 2024 AGM, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 9 September 2024.

DIRECTORS' REPORT

b. For determining the entitlement to the FY2024 Proposed Final Dividend

The register of members of the Company will be closed from Friday, 20 September 2024 to Friday, 27 September 2024 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the FY2024 Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all transfer forms 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 19 September 2024.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the consolidated financial statements, is set out on page 116 of this report. This summary does not form part of the consolidated financial statements.

REVENUE AND SEGMENT INFORMATION

The revenue and segment information for the year ended 31 March 2024 are set out in note 4 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2024 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTION SCHEMES

There was no movement in the Company's share capital during the year ended 31 March 2024.

Details of the Company's share capital and share option schemes are set out in notes 22 and 31 to the consolidated financial statements, respectively.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 March 2024 are set out in the consolidated statement of changes in equity and in note 28 to the consolidated financial statements, respectively.

DIRECTORS' REPORT

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing shareholders of the Company.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year ended 31 March 2024 are set out in note 24 to the consolidated financial statements. Those related party transactions which are disclosed in note 24 to the consolidated financial statements as constituting continuing connected transactions under the Listing Rules are set out in the paragraph headed "Continuing Connected Transactions" below. These continuing connected transactions have complied with the requirements under Chapter 14A of Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Master Services Agreement

For the purpose of the GEM Listing, the Company entered into the master services agreement (dated 28 May 2018 and supplemental agreement thereto dated 17 June 2019) (the "**Master Services Agreement**") with the Ma family (referring to Mr. Ma Ah Muk, Mr. Ma Kiu Sang, Mr. Ma Kiu Mo, Mr. Ma Kiu Man, Vince and Mr. Ma Yung King, Leo and their respective associates (as defined in GEM Listing Rules) (the "**Ma Family**") (for itself and on behalf of its affiliates)) pursuant to which the Company agreed to provide security and facility management services to the companies, directly or indirectly, owned and controlled by members of the Ma Family other than the Group (the "**Ma Companies**"). The Master Services Agreement is effective from the date of the Master Services Agreement to 31 March 2022.

Details of the Master Services Agreement are set out in the section headed "Connected Transactions" in the prospectus of the Company dated 30 September 2019 (the "**Prospectus**"). As disclosed in the Prospectus, the Board estimated that the maximum aggregate annual caps for the transactions contemplated with the Ma Companies in respect of the provision of security and facility management services receivable by the Group for each of the years ended or ending 31 March 2020, 31 March 2021 and 31 March 2022 should not exceed HK\$22.0 million, HK\$25.0 million and HK\$28.0 million, respectively.

On 22 December 2021, the Company entered into a new Master Services Agreement (the "**New Master Services Agreement**") with the Ma Family (for itself and on behalf of its affiliates) pursuant to which the Company agreed to continue to provide security and facility management services to the Ma Companies for a term of three years from 1 April 2022 to 31 March 2025. The Board estimated that the maximum aggregate annual caps for the transactions contemplated with the Ma Companies in respect of the provision of security and facility management services receivable by the Group for each of the years ended or ending 31 March 2023, 31 March 2024 and 31 March 2025 should not exceed HK\$28.0 million, HK\$31.5 million and HK\$38.0 million, respectively. References and details of the transactions contemplated under the New Master Services Agreement can be made to the announcements published by the Company on 22 December 2021 and 29 December 2021 and the circular published on 11 February 2022.



DIRECTORS' REPORT

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 of the Company. Accordingly, each member of the Ma Family is a connected person of the Company pursuant to the GEM Listing Rules and the Listing Rules and the transactions contemplated under both the Master Services Agreement and the New Master Services Agreement will constitute continuing connected transactions of the Company pursuant to Chapter 20 of the GEM Listing Rules and Chapter 14A of the Listing Rules.

Given that the applicable percentage ratios for the non-exempt continuing connected transactions contemplated under both the Master Services Agreement and the New Master Services Agreement calculated with reference to Rule 19.07 of GEM Listing Rules and Rule 14.07 of the Main Board Listing Rules are expected to exceed 5% and the respective aggregate consideration is expected to exceed HK\$10.0 million, the non-exempt continuing connected transactions contemplated under both the Master Services Agreement and the New Master Services Agreement have been and will be subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under GEM Listing Rules upon the GEM Listing and the Listing Rules upon the Transfer of Listing.

Pursuant to Rule 20.103 of GEM Listing Rules, for the GEM Listing, the Company has applied to the Stock Exchange for and the Stock Exchange has granted a waiver to the Company from strict compliance with the announcement, circular and independent shareholders' approval requirements relating to the non-exempt continuing connected transactions contemplated under the Master Services Agreement, subject to (i) each of the annual caps stated above is not exceeded; and (ii) apart from the abovementioned announcement, circular and independent shareholders' approval requirements of which a waiver is sought.

On 4 March 2022, an extraordinary general meeting was convened by the Company for the consideration and the approval of, among other things, the New Master Services Agreement, the proposed annual caps and the transactions contemplated thereunder (the "**Resolution**") and the Resolution was duly passed as ordinary resolution by the independent shareholders of the Company.

The security and facility management services paid by Ma Family to the Group under the New Master Services Agreement was approximately HK\$19.7 million for the year ended 31 March 2024 (2023: approximately HK\$20.0 million).

Annual Review of Continuing Connected Transactions

The independent non-executive Directors have reviewed the continuing connected transactions contemplated under both the Master Services Agreement and the New Master Services Agreement, and consider that such transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DIRECTORS' REPORT

The Company has also engaged the auditor of the Company to report on the continuing connected transactions disclosed above pursuant to Rule 14A.56 of Listing Rules and the Board has received a letter from the auditor of the Company with the following conclusions:

- (1) nothing has come to the auditor's attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (2) for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- (3) nothing has come to the auditor's attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) with respect to the aggregate amount of the continuing connected transactions, nothing has come to the auditor's attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual caps as set by the Company.

DISTRIBUTABLE RESERVES

As at 31 March 2024, the Company's reserves available for distribution, calculated in accordance with the Companies Law (Chapter 22, Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$85.5 million. This includes the Company's share premium in the amount of approximately HK\$80.8 million at 31 March 2024, which may be distributable to the Shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 March 2024, revenue attributable to the Group's five largest customers accounted for approximately 81.0% (2023: 73.0%) of the Group's total revenue for the year and revenue attributable to the Group's largest customer amounted to approximately 44.5% (2023: 32.1%) of the Group's total revenue.

Due to the nature of its business, the Group does not have any major suppliers.

None of the Directors, any of their close associates or any Shareholders which, to the best knowledge of the Directors, own more than 5% of the Company's total issued share capital, had any interest in any of the Group's five largest customers or suppliers.

DIRECTORS' REPORT

BUSINESS REVIEW

A review of the business of the Group, a discussion and analysis of the Group's performance for the year ended 31 March 2024 and the material factors underlying its results and financial position are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 5 to 6 and pages 7 to 14 of this report, respectively.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risk relating to the Group's business

Significant portion of the Group's revenue in the year ended 31 March 2024 was generated from contracts with the Railway Corporation and the government of Hong Kong in particular, the XRL Contracts (contracts relating to Guangshen'gang XRL) and the contracts with the Health Authority. If the XRL Contracts and the contracts with the Health Authority are not renewed or if the Group cannot maintain its business relationship with the Railway Corporation and the government of Hong Kong, the Group's business, results of operations and financial condition may be adversely affected.

Risk relating to the Group's industry

Changes in the rules and regulations, industry standards and advanced technology innovation relating to the security services and facility management services may affect the Group's operations.

Risks relating to conducting business in Hong Kong

The state of the economy and social and political environment in Hong Kong may impact the Group's performance and financial condition.

Financial risks

Details of financial risks are set out in note 26 to the consolidated financial statements.

IMPORTANT EVENTS

The Board has not identified any important events affecting the Group that have occurred since the end of the financial year ended 31 March 2024.

DIRECTORS' REPORT

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group commits to the long-term sustainability of the environment and communities in which it operates. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and to adopt effective measures to achieve efficient use of resources, energy saving and waste reduction.

In addition, details regarding the Group's environmental policies and performance is set out in the Environmental, Social and Governance Report set out on pages 52 to 69 of this report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 March 2024, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group recognises the importance of maintaining a good relationship with its suppliers, customers and other stakeholders which is the key to its sustainable and stable development. It strives to achieve corporate sustainability through engaging its employees, providing quality services to its customers, collaborating with business partners (including suppliers and subcontractors) to deliver quality services and supporting the community.

During the year ended 31 March 2024, there was no material and significant dispute between the Group and its suppliers, customers and/or other stakeholders.

DIRECTORS

The Directors during the year ended 31 March 2024 and up to the date of this report were:

Executive Directors

Mr. Ma Ah Muk (deceased on 17 March 2024)

Mr. Ma Kiu Sang (*Chairman*)

Mr. Ma Kiu Mo

Mr. Ma Kiu Man, Vince

Mr. Ma Yung King, Leo

DIRECTORS' REPORT

Independent Non-executive Directors

Dr. Ng Ka Sing, David

Ms. Chang Wai Ha

Mr. Yau Siu Yeung

The biographical details of the Directors are set out on pages 15 to 18 of this report.

In accordance with article 84 of the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. At the 2024 AGM, Mr. Ma Kiu Mo, Mr. Ma Kiu Man, Vince and Mr. Yau Siu Yeung will retire and will, being eligible, offer themselves for re-election.

INDEPENDENCE CONFIRMATION

The Company has received annual confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of Listing Rules. The Company considers that all of the independent non-executive Directors are independent pursuant to Rule 3.13 of Listing Rules.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2024 AGM has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

EMOLUMENT POLICY

The emolument policy of the Directors of the Company is prepared by the remuneration committee of the Company (the "**Remuneration Committee**") and is then recommended to the Board, having regard to the Group's operating results, individual performance, duties and responsibilities and comparable market statistics. All the emolument of Directors has been reviewed and ratified by the Remuneration Committee.

Details of the emoluments of the Directors and five highest paid employees are set out in note 10 to the consolidated financial statements.

The Group has adopted the Share Option Scheme as an incentive to eligible employees of the Group, details of which are set out in note 31 to the consolidated financial statements.

DIRECTORS' REPORT

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, the Directors and officers shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices; provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors and officers. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the year ended 31 March 2024 and as at the end of the year ended 31 March 2024 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company (including their respective spouse and children under 18 years of age) to have any right to subscribe for securities of the Company or any of its specified undertakings as defined in the Companies (Directors' Report) Regulation (Chapter 622D of the laws of Hong Kong) or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any of its associated corporation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as the related party transactions and connected transactions disclosed in note 24 to the consolidated financial statements and under the paragraph headed "Continuing Connected Transactions" above, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party, and in which a Director or its connected entities had a material interest (whether directly or indirectly) subsisting at the end of the year or at any time during the year ended 31 March 2024.

MANAGEMENT CONTRACTS

During the year ended 31 March 2024, no contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Group's business was entered into or existed.

RETIREMENT BENEFIT SCHEME

The Group is required to participate in the Mandatory Provident Fund (the "MPF") in Hong Kong for any employee in Hong Kong. The Group's contributions to the MPF scheme for its employees are fully and immediately vested in the employees once the contributions are made. Accordingly, there are no forfeited contributions under the MPF scheme that may be used by the Group to reduce the existing level of contributions as described in paragraph 26(2) in Appendix D2 to the Listing Rules.

Details of the retirement benefit scheme of the Group are set out in note 23 to the consolidated financial statements.

DIRECTORS' REPORT

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 31 March 2024, 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 Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO"), which were 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 the Model Code were as follows:

(i) Long position in the shares of the Company

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

Notes:

Note 1: Pursuant to a deed of confirmation dated 28 May 2018 executed by Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma (the "Deed of AIC Confirmation"), and as amended by a supplemental deed of confirmation dated 21 February 2022 (the "Supplemental Deed of AIC Confirmation"), Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma are persons acting in concert pursuant to the Deed of AIC Confirmation (as amended by the Supplemental 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 Asset Holdings Limited (森業資產控股有限公司) ("Morewood"), Mandarin Asset Holdings Limited (文華資產控股有限公司) ("Mandarin") and Cambridge Investment (BVI) Limited (劍橋投資(BVI)有限公司) ("Cambridge"), which in turn hold IWS Group Holdings Limited ("IWS BVI") by virtue of Section 317 of the SFO.

Note 2: 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.

DIRECTORS' REPORT

Note 3: 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 4: 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 5: Based on a total of 800,000,000 issued Shares as at 31 March 2024.

(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. 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 33.3% owned by Morewood, a company wholly owned by Mr. KS Ma.

Note 2: Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma are persons acting in concert pursuant to the Deed of AIC Confirmation (as amended by the Supplemental 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 33.3% 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 33.3% owned by Cambridge, a company wholly owned by Mr. Vince Ma.

DIRECTORS' REPORT

Save as disclosed above, as at 31 March 2024, none of the Directors or the chief executive of the Company had registered any interests and/or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were 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 and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register referred to in Section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(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 31 March 2024, the following persons or entities (not being Directors or chief executives of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the shares of the Company

Name of Shareholder	Nature of interest/holding capacity	Number of ordinary Shares held	Approximate percentage of issued share capital of the Company ⁽⁷⁾
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. Chow Yick Tung	Interest of spouse ⁽⁴⁾	560,000,000	70.0%
Ms. Choi Lai Form	Interest of spouse ⁽⁵⁾	560,000,000	70.0%
Ms. Ho Yin Nei	Interest of spouse ⁽⁶⁾	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.

DIRECTORS' REPORT

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. 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 5: 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 6: 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 7: Based on a total of 800,000,000 issued Shares as at 31 March 2024.

Save as disclosed above and so far as is known to the Directors, as at 31 March 2024, the Directors were not aware of any other persons who had, or any other entities which had, or was deemed to have, interest or short positions in the shares or underlying shares of the Company that would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 20 September 2019. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentive or rewards for their contributions to the Group. For the principal terms of the Share Option Scheme, please refer to “D. SHARE OPTION SCHEME” in Appendix IV to the listing document of the Company dated 28 February 2022 and note 31 to the consolidated financial statements.

As at 31 March 2024, no share option has been granted or agreed to be granted under the Share Option Scheme.

TAX RELIEF

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holdings of the Company's securities.

DIRECTORS' REPORT

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2024.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the paragraphs headed "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" and "Share Option Scheme" in this report, at no time during the year ended 31 March 2024 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive or their respective associates to acquire benefits by means of the acquisition of shares or underlying shares in, or debentures of, the Company or any of its associated corporation.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has adopted the principles and code provisions as set out in the corporate governance code (the "CG Code") contained in Appendix C1 to the Listing Rules during the year as the basis of the Company's corporate governance practices.

In the opinion of the Board, the Company has complied with the code provisions in the CG Code for the year ended 31 March 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding dealings in the securities of the Company by the Directors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities. Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the year ended 31 March 2024. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the year ended 31 March 2024.

DIRECTORS' REPORT

COMPETING INTERESTS

During the year ended 31 March 2024, insofar as the Directors are aware, none of the Directors, the controlling shareholders and substantial shareholders of the Company or any of their respective close associates (as defined in the Listing Rules) have had any position or interest in a business or company, apart from the business operated by the Group, that competes or is likely to compete, directly or indirectly with the business of the Group or give rise to any concern regarding conflict of interests.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors, as at date of this report, the Company has maintained the prescribed public float as required under the Listing Rules.

SEGMENT INFORMATION

Segment information of the Group is disclosed in note 4 to the consolidated financial statements.

ENVIRONMENTAL AND SOCIAL MATTERS

The Company's compliance with the relevant provisions set out in the Environmental, Social and Governance Reporting Guide in Appendix C2 to the Listing Rules for the year ended 31 March 2024 are set out in the Environmental, Social and Governance Report on pages 52 to 69 of this report.

EVENT AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event after the reporting period and up to the date of this report.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2024 were audited by Deloitte Touche Tohmatsu, the independent auditor of the Company, who shall retire and, being eligible offer itself for the re-appointment at the 2024 AGM.



DIRECTORS' REPORT

OUTLOOK

The Group will continue to increase its transparency and present an even better corporate image to both its existing and potential customers in order to capture the rich potential in the security services and facility and venue management services markets in Hong Kong. This potential is driven by the continuous increase in real estate projects and large-scale events, rising land and housing supply, increase in parking spaces and demand for more sophisticated facility management services.

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

On behalf of the Board

IWS Group Holdings Limited

Ma Kiu Sang

Chairman

Hong Kong, 13 June 2024

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT ESG REPORT

IWS Group Holdings Limited (the “**Company**”) is pleased to publish the Environmental, Social and Governance (“**ESG**”) Report (“**ESG Report**”) for the reporting period from 1 April 2023 to 31 March 2024 (the “**Year**” or “**2023/24**”). The ESG Report elaborates on the various works of the Company and its subsidiaries (collectively the “**Group**” or “**we**”) in fulfilling the principle of sustainable development and their performance in social responsibilities during the Year. The Group will continue to strengthen its efforts in information collection in order to enhance the performance on environmental and social aspects and to disclose related information in the future.

Scope of the Report

The Group is principally engaged in providing security services and facility management services across both the public and private sectors in Hong Kong. The ESG Report has included all the environmental and social performance of the core business of the Group in Hong Kong during the Year. The disclosure of the key performance indicators (“**KPIs**”) in the Year covers the Group’s leased office and a number of carparks for car parking rental and management services in Hong Kong.

Reporting Framework

The ESG Report was prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “**ESG Reporting Guide**”) under Appendix C2 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and has complied with the “comply or explain” provisions of the ESG Reporting Guide.

Reporting Principles

In preparing this report, we meet the three reporting principles stipulated in the ESG Reporting Guide — “materiality”, “quantitative” and “consistency”.

Materiality:

This report follows the ESG Reporting Guide to carry out materiality assessment work. Our working procedures include: (i) identifying relevant ESG issues, (ii) assessing the materiality of the issues, and (iii) reviewing and confirming the assessment process and results by the Board. We report ESG matters based on the materiality assessment results. For details on materiality assessment work, please refer to the subsection “Materiality Analysis” below.

Quantitative:

This report follows the ESG Reporting Guide and refers to applicable quantitative standards and conventions, and adopts quantitative methods to measure and disclose applicable KPIs. The measurement standards, methods, assumptions and/or calculation tools of the KPIs in this report, as well as the sources of the conversion factors and have been explained in the corresponding places (if applicable), the relevant environmental objectives are disclosed in the “Environmental Protection” section.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Consistency:

The preparation method of the Year's Environmental, Social and Governance Report is consistent with that of previous years, and any changes that may affect meaningful comparison with previous reports have been explained in the corresponding positions.

Information and Feedbacks

Your opinions and feedbacks on our ESG performance are highly valued. Should you have any advice or suggestions, please share with us via email at info@iws.com.hk.

BOARD STATEMENT

The Group believes that good ESG governance strategies and practices are the key to enhancing its investment value, thereby bringing long-term returns for its stakeholders. The Board of Directors (the "**Board**") bears the primary responsibilities of overseeing the execution, review and reporting of the Group's ESG strategies, as well as identifying and assessing ESG related risks, so as to establish effective management approaches on ESG risk. The Board delegates authority to the management of different departments, where ESG policies and measures are formulated and executed.

The Board understands that it is essential to set ESG approaches and strategies according to the importance of ESG issues towards the Group and its stakeholders, therefore the Board has established various communication channels between the Group and major stakeholders, such as investors, governmental bodies and the public. Furthermore, the Board has assigned a third-party ESG professional to conduct materiality assessment on ESG issues. To identify the material issues, internal stakeholder surveys have been carried out, and industry-specific issues were considered by using materiality maps together with professional advice. Directors have also participated in the engagement exercise and provided constructive opinions in determining the material ESG issues. The Board also build clear criteria and basis for the identification of potential ESG-related risks and issues. The Board is well informed about the results and will regularly review the engagement channels and exercise.

To make sure the management of ESG issues is on the right track, the Board oversees the coordination between departments according to their respective targets, reviews the overall ESG performance of the Group on a regular basis, and keeps abreast of the latest development of ESG reporting requirements in Hong Kong. The Group will look for opportunities to set more explicit ESG goals and targets for the Group.

MATERIALITY ASSESSMENT

The preparation of the ESG Report, which was supported by employees across various departments, enables us to have a thorough understanding of our current environmental and social development. The information gathered is not only a summary of the environmental and social initiatives carried out by the Group during the Year, but also the basis for mapping out its short-term and long-term sustainable development strategies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Meanwhile, the Group strives to maintain supporting and trusting relationships with its stakeholders. Through diversified communication channels, the Group can effectively understand and respond to the expectations and requirements of different stakeholders. During the Year, stakeholder engagement and materiality assessment have been conducted, which enable us to understand the needs of stakeholders and identify our material topics regarding ESG. The following table summarises the main expectations and concerns of our key stakeholders and the corresponding management responses.

Stakeholders	Expectations and Requirements	Means of Communication and Response
Government and Regulators	<ul style="list-style-type: none"> Complying with local policies, laws and regulations Driving local employment Paying taxes in full and on time Ensuring workplace safety 	<ul style="list-style-type: none"> Regular information reporting Dedicated reports
Shareholders	<ul style="list-style-type: none"> Returns Raising company value Transparent information and effective communication 	<ul style="list-style-type: none"> Shareholders conferences Announcements Email, telephone communication and company website Dedicated reports
Business Partners	<ul style="list-style-type: none"> Operational integrity Equal rivalry Performance of contracts Mutual benefits and win-win situations 	<ul style="list-style-type: none"> Business communications Engagement and cooperation
Customers	<ul style="list-style-type: none"> Health and safety Performance of contracts Operational integrity 	<ul style="list-style-type: none"> Customer communication meetings
Environment	<ul style="list-style-type: none"> Environmental compliance 	<ul style="list-style-type: none"> ESG reporting
Employees	<ul style="list-style-type: none"> Protection of rights Occupational health and safety Remunerations and benefits Career development Humanity cares 	<ul style="list-style-type: none"> Employee communication meetings Employee mailbox Training and workshops Employee activities
Community and the Public	<ul style="list-style-type: none"> Information transparency 	<ul style="list-style-type: none"> Company website Announcements

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In view of the relevance and validity of the ESG Report with the Group's environmental and social performance, the Group has conducted a materiality assessment to identify ESG issues that are material to the business of the Group and its stakeholders. The assessment is based on internal stakeholder surveys, materiality maps provided by well-known external institutions¹, as well as professional opinions from the third-party ESG professional. The material ESG issues as identified are shown as follows:

Employment and Labour Practices

Employment Compliance

Working hours and Rest Periods

Remuneration and Benefits

Occupational Health and Safety

Operating Practices

Operational Compliance

Customer Privacy Protection

The valuable opinions collected are helpful in improving the quality of the ESG Report, as well as reinforcing the Group's internal management. In the future, the Group will continue to enhance the involvement of stakeholders in order to collect more constructive opinions to improve its ESG governance.

ENVIRONMENTAL PROTECTION

Emissions

The Group recognises the importance of maintaining environmental sustainability in its daily operation and acts in strict compliance with local laws and regulations relating to environmental protection and pollution control, including but not limited to the Air Pollution Control Ordinance (Chapter 311 of the laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the laws of Hong Kong) and Waste Disposal Ordinance (Chapter 354 of the laws of Hong Kong).

As a service-based enterprise, the Group does not generate industrial exhaust gas, while other exhaust gases arise from vehicles. The Group aims to reduce exhaust gas emissions and maintain the efficiencies of vehicles, and conducts regular maintenance and examination on its vehicles and ensure no idling engines. To further reduce emissions, the Group also interacts with stakeholders by telephone and email to reduce unnecessary business travel. The major wastewater generated by the Group is domestic sewage, which is directly discharged to the municipal drainage system.

¹ The materiality maps referenced in the materiality assessment include the ESG Industry Materiality Map and the SASB Materiality Map produced respectively by Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standards Board (SASB).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The non-hazardous waste of the Group mainly includes general waste. General wastes are collected and handled by the property management office. The hazardous wastes produced by the Group, such as toner cartridges, are collected and handled safely by suppliers. With the aim to reduce waste generated during operation, the Group places recycling boxes at prominent positions in the office to collect single-side papers, envelopes and file folders for re-use and purchases consumables with refill pack as far as possible. The amount of hazardous and non-hazardous waste is insignificant due to its business nature, the Group has not set targets for waste disposal. Nonetheless, we still strive to avoid detrimental impacts on the environment, non-hazardous wastes generated by the office were collected by the cleaning company employed by the commercial building where the office is located at, while the hazardous wastes were collected separately at specific points in the building before collecting by the designated party.

Resources Conservation

The resource consumption of the Group mainly occurs in the use of electricity for its daily office operation, and the consumption of other resources includes the use of water and paper. Due to the Group's business nature, it is not involved in the use of any packaging materials.

The Group employs multiple energy saving initiatives, with the aim to improve the operating efficiency of equipment or devices and reduce energy consumption. In terms of lighting system, the Group has separated light switches for different light zones, keeps the lighting fixture clean and installs LED lightings to replace traditional fluorescent light tubes and reminds employees to switch off unnecessary lights. To reduce the use of air conditioning, employees are required to switch off the air-conditioners during non-working hours and allowed to dress casually. Room temperature is maintained at 25.5 degree Celsius at all time, and employees are encouraged to turn on fans rather than air-conditioners depending on weather condition. Air conditioning systems are also cleaned regularly to enhance its operation efficiency. The Group allows employees not to wear ties and full suits in hot weather and to wear casual clothes every Friday. The Group also encourages employees to set the computers to automatic standby or sleep mode and to turn off unused electrical devices before leaving the office.

The Group does not consume significant volume of water through its business activities, and therefore its business activities did not generate material portion of discharges into water. Since the water supply and discharge facilities are provided and managed by property management company, the Group does not have access to water consumption records. Despite this, the Group target to maintain the water consumption at a reasonable level and develop the awareness of water saving at office. Meanwhile, the Group has put effort with the aim to reduce water consumption, such as closing faucets after used, contacting property management immediately when dripping from water supply equipment is discovered and using faucets and urinals with infrared sensors. During the Year, the Group does not face any difficulties in sourcing water.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Green Operation

The greenhouse gas emissions of the Group are composed of direct emissions from the use of vehicles, energy indirect emissions from purchased electricity, and other indirect emissions from methane gas generation at landfill due to disposal of paper waste. The Group places emphasis on employees' support and participation in the green operation, thus measures are adopted to enhance employees' awareness of environmental protection. For instance, the Group encourages employees use staircase instead of taking the lift and use public transportation. To enhance employee's awareness on environmental conservation and develop a usual practice, the Group arranges training courses organised by green groups or other professionals whenever possible. Promotions to environmental protection are delivered by means of emails, notices and meetings. The group meets the standard of environmental management systems and has been certified by ISO14001: 2015, showing the environmental policies and objectives that are consistent with the organization's overall goals and strategic direction.

In addition, the Group seeks different methods aiming to reduce paper consumption in the office. For example, we encourage employees in using papers on both sides, using smaller font size and adjusting line spacing when printing, and disseminating information via electronic means, and taking notes on used paper.

Responding to Climate Change

Responding to climate change and managing carbon emissions is one of the most concerned environmental issues at present, and the Group recognises its responsibility in rectifying the situation and take various proactive measures.

Although the Group has not discovered any climate change-related risks during the Year, it has formulated corresponding work arrangements and measures in response to severe weather conditions, such as typhoons and rainstorms. To mitigate climate-related risks such as more frequent extreme weather conditions, the Group will issue safety warnings in a timely manner to notify employees working outside of the relevant special work arrangements to ensure their safety. To ensure that all personnel of the Group are well prepared for such extreme weather conditions, regular emergency drills are conducted to educate employees through e-mail, posters and internal networks. In addition, The Group believes that Transparent reporting on environmental performance and progress towards climate-related goals help build trust and accountability.

The Group recognises the importance of staying informed about the climate-related issues and their potential impact on its operation. Therefore, the Group is committed to ongoing tracking and monitoring of climate-related developments, ensuring that it remains up-to-date with the latest of industry trends and regulatory changes related to climate change. By continuously assessing and evaluating climate-related risks, the Group aims to enhance its risk management strategies and practices to effectively address potential challenges and opportunities arising from climate change.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES

Employment Guidelines

As the security services industry and facility management services industry are labour intensive industries, we believe our continued success depends in part upon our ability to maintain a stable team of operational workforce to deliver consistent and quality services to our customers. The Group complies with the relevant labour laws and regulations, including but not limited to the Employment Ordinance and Employees' Compensation Ordinance, regarding compensation, benefits, dismissal, working hours and rest periods. The Group respects every employee and treats them equally without regard to race, colour, religion, sex, national origin, age, marital or family status, pregnancy and disability. The non-discriminatory approach applies to all employment activities and human resources-related matters, including recruitment, promotion, transfer, reward provisions and training. If any unfair treatment is discovered, the concerned employees should report the incident to the head of human resources and administration department directly. Much effort is also given by the Group to safeguard the legitimate rights and interests of employees, and cater for the developmental needs of employees.

The Group considers internal promotion over external hiring. When we recruit employees from the open market, mainly from publication of online job advertisements and referrals, we evaluate the applicants based on their background, employment history, academic background, professional qualifications, integrity and experience. Before offering an applicant a job, the human resources and administration department will verify applicant's age by checking the valid identification document to prevent employing child labour. If any improper conduct is discovered, the Group will immediately investigate the case thoroughly. In addition, we check the validity of the Security Personnel Permit against the list of revoked Security Personnel Permit as provided by the Police Licensing Office of the Hong Kong Police Force in the case of security personnel. All the employment terms and conditions, including the work location, scope of work, working hours, are specified in the employment letter, so as to assure employees of sufficient rest time and prevent forced labour. Upon the receipt of employee's resignation, an exit interview will be arranged for the employee to better understand his or her reason of quitting. The Group is determined in constantly improving the quality of the management through the analysis of exit survey results and monitoring staff turnover.

During the Year, the Group was not aware of any material non-compliance with (i) the above mentioned employment related laws and regulations, and (ii) child and forced labour-related laws and regulations (including but not limited to Employment of Children Regulations (Chapter 578 of the laws of Hong Kong) and Employment Ordinance (Chapter 57 of the laws of Hong Kong) that would have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Salary and Benefits

The Group strives to listen to employees' constructive feedback and stimulate their productivity. A comprehensive performance appraisal system is in place to assess employees' performance on a regular basis in terms of employees' working performance, technical knowledge, management skills and communication skills of employees and so on. Employees who receive a performance rating that higher than certain level will be eligible to receive a one-time annual bonus. We also offer attractive remuneration package, comprising basic salaries, bonuses and/or other employee benefits such as compensation for employment related accidents and diseases, to our employees according to both internal and external benchmark as incentives and to build a high-calibre team which is essential to the Group's success. The remuneration package is subject to annual review which is conducted annually taking into account of the employee's job performance, department performance and the Company's business performance.

Apart from statutory holidays, all employees are entitled to sick leave, annual leave, maternity leave, paternity leave and jury service leave. In compliance with the provisions under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the laws of Hong Kong), the Group makes contributions to mandatory provident fund schemes for eligible employees that work for a certain period of time. Employees are also entitled to discretionary bonus, reimbursement of tuition fees, "long serving employees" awards, medical insurance and labour insurance offered by the Group. Due to the job nature of security services and as an effort to support employees in keeping abreast of business insights and legislation knowledge, the Group offers per annum reimbursement of one professional membership to employees who are eligible.

During the Year, the Group has organised various welfare and leisure activities, so as to recognise employees' hard work and enhance their sense of belongings to the Group. Through these activities, the Group believes that it can promote work-life balance culture and foster a positive work environment.

Health and Safety

The Group is devoted to providing and maintaining a healthy and safe workplace for employees and other persons likely to be affected by its business operations through abiding by relevant laws such as the Occupational Safety and Health Ordinance. Health and safety standards are given prime consideration in our operations and regulatory compliance is strongly upheld by the Group.

Employees at all levels, particularly the management, the operations managers and the safety committee, are accountable for maintaining a vigorous and injury-free working environment by following the Group's occupational safety and health policy and safety management plan, which is developed and reviewed regularly to meet existing legal standards in Hong Kong and customer driven requirements. Safety procedures are established for the prevention of occupational diseases on a regular basis, such as the handling of electrical equipment, provision of personal protective equipment, manual handling procedures and the provision of first aid kits. On top of the above, emergency procedures are formulated to educate employees in a bid to respond promptly when dealing with incidents such as fire, water leakage, chemical spillage, inclement weather conditions and the handling of suspicious objects. Fire installations and equipment are inspected at least once a year to ensure they are in good conditions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Due to our nature of business, we may be subject to claims from employees for work-related injuries. We therefore maintain a set of procedures to record and handle employee injuries or accidents at work and their work-related personal injuries claims. The Group will determine the nature of the injuries of our employees, the seriousness of injury and attend to the filing requirements, where necessary. In case of any occurrence of work-related injuries or illness, or receipt of reports on unsafe and unhealthy work practices, the Group will make corresponding responses promptly by investigating the cases, planning for remedial measures and providing necessary assistance to the persons involved.

In order to strengthen employees' safety awareness, trainings were provided to employees at all levels. For new employees, they are required to attend induction training which helps them to familiarise with our safety regulations and emergency procedures. For security guards, on-site health and safety training is of paramount importance which allows them to acknowledge the hazards of their positions and safety signs will be placed for alerting them with caution while working. Employees are required to strictly comply with the operational safety procedures and the laws and regulations in respect of occupational health and safety, so as to prevent accidents and occupational diseases consciously.

Moreover, personal protective equipment is provided to employees according to the needs of various positions. Designated personnel are assigned to monitor and ensure that employees wear appropriate personal protective equipment. The Group also participates in the half-yearly fire and evacuation drill so that employees are familiarised with the fire evacuation route and their awareness of fire precaution can be strengthened. The Group has also set clear guidelines for work under typhoon and rainstorm conditions in accordance with relevant regulations, so as to ensure the safety of all staff under extreme weather.

The Group was not aware of any material non-compliance with health and safety-related laws and regulations in Hong Kong that would have a significant impact on the Group. During the Year, the number and rate of work-related fatalities occurred in each of the past three years including the Year and the number of work injuries and lost days due to work injury are as follows:

Indicators	2023/24	2022/23	2021/22
Number of work-related fatalities	0	0	0
Rate of work-related fatalities (%)	0	0	0
Number of work injuries	20	18	7
Lost days due to work injuries (day)	184	301	381

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Development and Training

It is our strong belief that human capital is the most prominent resource of an enterprise. Therefore, the Group is committed to building a team of qualified personnel with various experiences and qualifications to cater the different needs of its customers. We organise internal training courses and encourage employees to attend external seminars so as to enrich their knowledge in discharging their duties and to improve their working efficiency. The Group provides education allowance and tuition reimbursement to eligible staff. For new employees, as they are required to obtain professional qualifications before work commences, induction trainings on operation and technical skills are compulsory. Furthermore, employees shall receive external trainings in appropriate organisations according to the needs of their position. From time to time, we conduct regular on-site visits to understand and evaluate the actual duties and performance of our employees.

OPERATING PRACTICES

Supply Chain Management

Due to the nature of our business, we do not have any major suppliers. Our suppliers are selected after obtaining quotations for comparison. The comparison analysis would be recorded with the approval of our management. The Group prioritises local suppliers with environmental management certification and purchase products which are more environmentally friendly, subsequently reducing the environmental risks that may arise in our supply chain. For new suppliers, audits and background checks, such as the obtaining of corporate documents, are also carried out. The contract terms in relation to transactions between suppliers and the Group are generally set out in sales order or contract and include type and scope of services or type and model of goods, in order to safeguard the rights and benefits of both parties. During the Year, there were 15 suppliers which were all located in Hong Kong and the PRC.

Service Quality

The Group is committed to providing a spectrum of quality services including general manned guarding services, event and crisis security services, manpower support services, property management services, car parking rental and management services and cleaning services. As such, we strictly abide by the laws and regulations related to the industry, including but not limited to the Security and Guarding Services Ordinance (Chapter 460 of the laws of Hong Kong). Due to the business nature, we understand the importance of providing quality services. Therefore, we implemented a set of measures on each key operational process starting from recruitment and formulated guidelines and policies to be adhered by our employees, in order to ensure they could meet the demands and requirements of our customers and work in a safe environment at the same time. With a workforce of various backgrounds, qualifications and capabilities, we are also able to easily accommodate and respond to the different needs and requirements of our customers in a timely manner. Our hard work in providing quality services was recognised and we have obtained certification of ISO9001:2008 quality management system standard for the provision of guarding services in Hong Kong. We also maintain a pool of casual employees in order to satisfy ad hoc or urgent work requests from our customers without relying on subcontractors or external manpower supply companies to ensure the consistent delivery of quality services.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Quality Customer Services

The Group considers customer feedback a valuable tool for improving its services. We take customer feedback seriously and have in place procedures to ensure that feedback and complaints from customers get handled in a timely and appropriate manner. We have a number of channels for soliciting and receiving customer feedback, such as a 24-hour hotline and face-to-face meetings. Also, we have implemented a complaint handling policy, and all of the complaints lodged by our customers in respect of the services provided will be handled by the relevant managers. When handling complaints, the employee involved will submit an incident report and the appointed operations manager will conduct a thorough investigation and interview with relevant employees. Once appropriate remedial actions have been determined, we will follow up with the relevant customer in respect of remedial arrangements and apology. If we decide that no remedial action is necessary, we will nevertheless pledge to improve the standards of our services in the future. During the Year, we did not receive any material complaints and were not subject to any disciplinary actions imposed by any government authorities in respect of our quality of the services.

Privacy Protection

The Group attaches great attention to privacy protection and strictly complies with the Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong). The Group only collects personal data which are necessary for conducting business, and the data will not be used for any purposes without the consent of the related parties. Personal data is not allowed to be transferred or disclosed to entities which are not a member of the Group without the permission of the Group. Employees are prohibited from disclosing any confidential information of the company or abusing any company data without authorization as well. Our employees are required to sign a code of conduct and ethics agreement before employment to undertake that they will not disclose any customers' information to any third parties. Employees are reminded to take extra care during handling customer information and to only collect customers' information when there is a sound reason. It is also the Group's responsibility to secure the computer databases and customer's information through the implementation of ongoing monitoring and testing of privacy risks.

Protecting Intellectual Property

The Group believes that respecting intellectual property would build up commercial goodwill and is in strict compliance with relevant laws and regulations, including but not limited to the Trade Marks Ordinance (Chapter 559 of the laws of Hong Kong). Unauthorised software are not recommended by the Group and employees should seek permission from the Group before installing software.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-corruption

The Group is dedicated to running the business with integrity and cultivating an ethical corporate culture. In line with the Prevention of Bribery Ordinance (Chapter 201 of the laws of Hong Kong) and other relevant laws and regulations, the Group has signed robust anti-corruption agreement with employees and clients to prevent and detect instances of bribery within its operations. Directors and staff members are forbidden to offer advantages to any director or staff member of another company or organisation, for the purpose of influencing such person or company in any dealings. The Group also forbids its employees from accepting any illegal rebate. Whistle-blowing policy and code of conduct guidelines are formulated which embody the principles of integrity, respect, trust and judgment. Employees can report any irregularities to the designated personnel and the Group will investigate the improper behaviours. Corresponding remedial measures will be taken against the irregularities. The Group under no circumstances allows any bribery, corruption, extortion, money-laundering or other fraudulent activities. Employees are required to make declaration of interest for unavoidable potential conflict of interest. Moreover, employees are expected to possess high ethical standards and demonstrate professional conduct in all business dealings with our stakeholders.

To further prevent business frauds, an Audit Committee is also established for continuous evaluation of the Group's internal control effectiveness, detecting potential deficiency, and identifying areas of improvement. Directors and employees shall only use company assets (including properties, data and intellectual property, etc.) for the purposes related to the company's business. The Group strictly prohibits the misuse of company assets for unauthorized purposes, such as using assets for personal gain. In addition, audit report is distributed to the responsible department for the timely remediation. The Board and Audit Committee supervise and review the implementation and effectiveness of the internal control policies and procedures on a regular basis. During the Year, 7 members from the Board and the company secretary of the Group have participated in an internal anti-corruption training, with a total of 8 hours training.

During the Year, there was no legal action against the Group and its employees regarding corruption. During the Year, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering.

COMMUNITY INVESTMENT

The Group wholeheartedly understands and embraces the profound significance of community investment, recognising that it is not only a moral imperative but also a strategic approach that fuels positive societal change. With a deep sense of responsibility and commitment, the group actively engages in initiatives that address various community needs.

To create lasting impact, empower individuals and influence, we strives to provide employment opportunities for the disadvantaged, recognizing the importance of fostering inclusivity and socioeconomic empowerment by offering meaningful work options, skills training, and career development support individuals facing barriers in the job market.

The Group strongly encourages its employees to participate in various volunteer works. Moreover, we endeavour to establish and maintain close relationship with the society amid the business development. Looking forward, the Group will continue to look for more opportunities to provide to the community.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KEY PERFORMANCE INDICATORS

The data of environmental and social KPIs for the Group's office and carparks in Hong Kong are as follows:

Environmental Indicators	2023/24	2022/23
Exhaust Gases (Note 1)		
Nitrogen oxides (kg)	13.30	6.39
Sulphur oxides (kg)	0.16	0.08
Particulate matter (kg)	0.98	0.47
Greenhouse Gases		
Total greenhouse gas emissions (tonnes CO ₂ e)	90	38
Greenhouse gas emissions per HKD million (tonnes CO ₂ e/million HKD)	0.22	0.10
Scope 1 — Direct emissions (Note 2) (tonnes CO ₂ e)	29	20
Scope 2 — Energy indirect emissions (Note 3) (tonnes CO ₂ e)	53	12
Scope 3 — Other indirect emissions (Note 4) (tonnes CO ₂ e)	8	6
Wastes		
Total hazardous waste produced (Note 5) (kg)	18	16
Hazardous waste produced per HKD million (kg/million HKD)	0.04	0.04
Total non-hazardous waste produced (Note 6) (kg)	3,754	3,396
Non-hazardous waste produced per HKD million (kg/million HKD)	9.34	8.65
Use of Resources		
Total energy consumption (MWh)	184	106
Energy consumption per HKD million (MWh/million HKD)	0.46	0.27
Gasoline (Note 7) (MWh)	106	74
Purchased electricity (Note 8) (MWh)	78	32

Notes:

- (1) Exhaust gas emissions are calculated based on the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
- (2) Scope 1 direct emissions include direct emissions from the fuel combustion in vehicles. The emission factor used for calculating carbon emission is based on the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
- (3) Scope 2 energy indirect emissions include emissions resulting from the use of purchased electricity. The data disclosed is calculated based on the emission factor provided by CLP Power Hong Kong Limited.
- (4) Scope 3 other indirect emissions cover other indirect emissions that occur outside the Group. The data disclosed only comes from waste paper dumped in landfills and is calculated in accordance with "Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange.
- (5) Total hazardous waste produced is based on the actual record of the Group.
- (6) Total non-hazardous waste is calculated based on the estimated daily amount of general office waste provided by the United States Environmental Protection Agency.
- (7) The consumption of gasoline is solely from the use of the Group's vehicles. It is calculated based on the "Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.
- (8) Purchased electricity consumption is based on the actual consumption record of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Indicators	2023/24	2022/23
Employment		
Total number of employees	2,631	2,964
<i>By gender</i>		
Male	974	1,127
Female	1,657	1,837
<i>By age group</i>		
Below 30 years old	154	225
30 to 50 years old	630	788
Above 50 years old	1,847	1,951
<i>By type of employment</i>		
Full-time	1,642	1,915
Part-time	989	1,049
<i>By geographical region</i>		
Hong Kong	2,631	2,964
Others	0	0
Turnover rate		
<i>By gender</i>		
Male	48%	34%
Female	47%	20%
<i>By age group</i>		
Below 30 years old	45%	32%
30 to 50 years old	43%	23%
Above 50 years old	50%	25%
<i>By geographical region</i>		
Hong Kong	48%	25%
Development and Training		
Average training hours completed (Percentage of employees trained)		
<i>By gender</i>		
Male	1.5 (100%)	1.1 (100%)
Female	1.8 (100%)	1.0 (100%)
<i>By categories of employees</i>		
Management	7.3 (100%)	6.3 (100%)
Operations	5.4 (100%)	1.8 (100%)
Sales and marketing	1.0 (100%)	1.0 (100%)
Human resources and finance	7.2 (100%)	N/A
Frontline	1.6 (100%)	1.0 (100%)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX: CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Summary	Sections	Page
Environmental			
Aspect A1: Emissions	General Disclosure	Environmental Protection	55–57
		Emissions	55
	Information on:	Green Operation	57
	(a) the policies; and	Responding to Climate Change	57
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer		
	relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		
Aspect A2: Use of Resources	General Disclosure	Environmental Protection	55–57
		Emissions	55
	Policies on the efficient use of resources, including energy, water and other raw materials.	Resources Conservation	56
Aspect A3: The Environment and Natural Resources	General Disclosure	Environmental Protection	55–57
		Emissions	55
	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Resources Conservation	56
Aspect A4: Climate Change	General Disclosure	Environmental Protection	55–57
	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Responding to Climate Change	57

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Summary	Sections	Page
Social			
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure	Employment and Labour Practices	58–61
	Information on:	Employment Guidelines	58
	(a) the policies; and	Salary and Benefits	59
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer		
	relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		
Aspect B2: Health and Safety	General Disclosure	Employment and Labour Practices	58–61
	Information on:	Health and Safety	59
	(a) the policies; and		
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer		
	relating to providing a safe working environment and protecting employees from occupational hazards.		
Aspect B3: Development and Training	General Disclosure	Employment and Labour Practices	58–61
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	61

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Summary	Sections	Page
Social			
Employment and Labour Practices			
Aspect B4: Labour Standards	General Disclosure	Employment and Labour Practices	58–61
	Information on:	Employment Guidelines	58
	(a) the policies; and		
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer		
	relating to preventing child and forced labour.		
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure	Operating Practices Supply Chain Management	61–63 61
	Policies on managing environmental and social risks of the supply chain.		
Aspect B6: Product Responsibility	General Disclosure	Operating Practices	61–63
	Information on:	Service Quality	61
		Quality Customer Services	62
		Privacy Protection	62
	(a) the policies; and	Protecting Intellectual Property	62
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer		
	relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Summary	Sections	Page
Operating Practices			
Aspect B7: Anti-corruption	General Disclosure	Operating Practices Anti-corruption	61–63 63
	Information on:		
	(a) the policies; and		
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer		
	relating to prevention of bribery, extortion, fraud and money laundering.		
Community			
Aspect B8: Community Investment	General Disclosure	Community Investment	63
	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		



INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

TO THE MEMBERS OF IWS GROUP HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of IWS Group Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as “**the Group**”) set out on pages 75 to 115, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INspire HK
躍動香港

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><i>Revenue recognition from provision of security services</i></p> <p>We identified revenue recognition from provision of security services as a key audit matter because revenue is one of the key performance indicators of the Group and in view of the financial significance to the consolidated financial statements as a whole.</p> <p>The Group provides general manned guarding services, event and crisis security services and manpower support services at railway stations and facilities, sea, land and railway immigration control points and public amenities and during large-scale events and emergency and critical incidents in Hong Kong. As disclosed in note 4 to the consolidated financial statements, the revenue recognised from provision of security services was HK\$377,009,000 for the year ended 31 March 2024, which represents approximately 94% of total revenue of the Group.</p>	<p>Our procedures in relation to the revenue recognition from provision of security services included:</p> <ul style="list-style-type: none"> • Understanding the Group's business process of revenue from provision of security services and testing relevant key controls over revenue recognition; • Checking, on a sample basis, the recorded revenue against their supporting documents, including service contracts, attendance records and invoices; • Comparing the revenue recognised in relation to fixed-term contracts entered into with major customers of the Group with our expectation developed using the key terms and service periods stipulated in the contracts; and • Performing analytical review of revenue on disaggregated basis and enquiring the revenue trend by corroboration with management explanations.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



INDEPENDENT AUDITOR'S REPORT

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Lam Shu Lung.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

13 June 2024



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Revenue	4	401,994	392,496
Other income	5	2,039	1,730
Other gains	5	13	23
Impairment losses on financial assets, net	6	(139)	(195)
Employee benefit expenses	7	(360,680)	(326,559)
Selling and marketing expenses		(2,070)	(1,887)
Subcontracting costs		(8,055)	(29,290)
Other operating expenses	7	(15,838)	(14,850)
Finance costs	8	(199)	(43)
Profit before taxation		17,065	21,425
Income tax expense	9	(3,407)	(3,780)
Profit and total comprehensive income for the year		13,658	17,645
Profit (loss) and total comprehensive income (expense) for the year attributable to:			
Owners of the Company		13,663	17,645
Non-controlling interests		(5)	–
		13,658	17,645
Earnings per share			
Basic (HK cents)	12	1.71	2.21

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

At 31 March 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	2,402	1,194
Right-of-use assets	14	3,055	474
Deposits	15	7,410	8,711
Deferred tax asset	16	298	275
		13,165	10,654
CURRENT ASSETS			
Trade and other receivables and deposits	15	165,133	110,930
Amounts due from non-controlling shareholders of subsidiaries	17	7	2
Amounts due from related companies	17	2,104	544
Tax recoverable		702	3,701
Pledged bank deposits	18	15,000	–
Bank balances and cash	18	58,631	120,180
		241,577	235,357
CURRENT LIABILITIES			
Trade and other payables and accrued expenses	19	42,555	38,189
Amount due to a related company	20	14	–
Lease liabilities	21	1,395	468
Tax payables		296	152
		44,260	38,809
NET CURRENT ASSETS		197,317	196,548
TOTAL ASSETS LESS CURRENT LIABILITIES		210,482	207,202
NON-CURRENT LIABILITY			
Lease liabilities	21	1,617	–
NET ASSETS		208,865	207,202
CAPITAL AND RESERVES			
Share capital	22	8,000	8,000
Reserves		200,867	199,204
Equity attributable to owners of the Company		208,867	207,204
Non-controlling interests		(2)	(2)
TOTAL EQUITY		208,865	207,202

The consolidated financial statements on pages 75 to 115 were approved for issue by the board of directors on 13 June 2024 and are signed on its behalf by:

Ma Kiu Sang
DIRECTOR

Ma Kiu Man, Vince
DIRECTOR



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Retained earnings	Subtotal		
	HK\$'000	HK\$'000	HK\$'000 (note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2022	8,000	80,804	(31,714)	175,669	232,759	(2)	232,757
Profit and total comprehensive income for the year	–	–	–	17,645	17,645	–	17,645
Dividend (Note 11)	–	–	–	(43,200)	(43,200)	–	(43,200)
At 31 March 2023	8,000	80,804	(31,714)	150,114	207,204	(2)	207,202
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	13,663	13,663	(5)	13,658
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	5	5
Dividend (Note 11)	–	–	–	(12,000)	(12,000)	–	(12,000)
At 31 March 2024	8,000	80,804	(31,714)	151,777	208,867	(2)	208,865

Note:

Merger reserve represents the difference between the amount of share capital and share premium of the Company issued, and the combined share capital of certain subsidiaries of the Group exchanged in connection with the group reorganisation carried out prior to the initial listing of the Company.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2024

	2024 HK\$'000	2023 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	17,065	21,425
Adjustments for:		
Depreciation of property, plant and equipment	1,011	685
Depreciation of right-of-use assets	1,616	1,272
Impairment losses on financial assets, net	139	195
Gain on early termination of lease contracts	–	(23)
Bank interest income	(953)	(655)
Finance costs	199	43
Operating cash flows before movements in working capital	19,077	22,942
(Increase) decrease in trade and other receivables and deposits	(53,041)	49,143
Increase (decrease) in trade and other payables and accrued expenses	4,216	(6,565)
Cash (used in) generated from operations	(29,748)	65,520
Hong Kong Profits Tax paid	(1,433)	(20,046)
Hong Kong Profits Tax refunded	1,146	–
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(30,035)	45,474
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,219)	(49)
Interest received	953	655
Advance to related companies	(4,908)	(5,551)
Repayment from related companies	3,348	7,195
Placement of bank deposits	(90,000)	–
Withdrawal of bank deposits	90,000	–
Placement of pledged bank deposits	(15,000)	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(17,826)	2,250
FINANCING ACTIVITIES		
Advance from a related company	281	459
Repayment to a related company	(267)	(517)
Repayment of lease liabilities	(1,503)	(1,310)
Interest paid	(199)	(43)
Dividend paid	(12,000)	(43,200)
NET CASH USED IN FINANCING ACTIVITIES	(13,688)	(44,611)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(61,549)	3,113
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	120,180	117,067
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	58,631	120,180

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL

IWS Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company’s immediate and ultimate holding company is IWS Group Holdings Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability, shareholders of which are the respective wholly owned entities of Mr. Ma Kiu Sang (“**Mr. KS Ma**”), Mr. Ma Kiu Mo (“**Mr. KM Ma**”) and Mr. Ma Kiu Man, Vince (“**Mr. Vince Ma**”), who are the controlling parties of the companies comprising the Company and its subsidiaries (collectively referred to as the “**Group**”) collectively. The addresses of the registered office and the principal place of business of the Company are disclosed in the section headed “Corporate Information” of the annual report.

The Company is engaged in the provision of manpower support services and investment holding. Details of the principal activities of the subsidiaries are disclosed in note 29.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on 1 April 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

The application of the new and amendments to HKFRSs in the current year had no material impact on the Group’s financial positions and performance for the current and prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined

² Effective for annual periods beginning on or after 1 January 2024

³ Effective for annual periods beginning on or after 1 January 2025

The directors of the Company anticipate that the application of the amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue recognition

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to customers. A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Revenue relating to provision of general manned guarding services, event and crisis security services, manpower support services, property management services, car park management services and cleaning services is recognised over time on a straight-line basis over the period of service as the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 “Financial Instruments” (“**HKFRS 9**”). In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Revenue recognition *(Continued)*

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, for example, service contracts in which the Group bills a fixed amount for each hour of service provided, the Group recognises revenue in the amount to which the Group has the right to invoice.

Leases

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability; any lease payments made at or before the commencement date, less any lease incentives received; any initial direct costs incurred by the Group; and an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Leases *(Continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liabilities at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments. The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) when the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Taxation

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. Current tax is recognised in profit or loss.

Retirement benefit costs

Payments to the mandatory provident fund ("MPF") Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Defined benefit plan obligations

The Group has long service payments under the Hong Kong Employment Ordinance. Certain employees of the Group are entitled to gratuity payments as stipulated in the Group's service contracts with the Government of the Hong Kong Special Administrative Region.

The Group's net obligation in respect of defined benefit plans is calculated for the plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount. For long service payments obligations, the estimated amount of future benefit is determined after deducting the negative service cost arising from the accrued benefits derived from the Group's MPF contributions that have been vested with employees, which are deemed to be contributions from the relevant employees.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15"). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

Impairment

The Group recognises a loss allowance for expected credit loss (“**ECL**”) on financial assets and other item which are subject to impairment assessment under HKFRS 9 (including trade receivables, uncertified revenue, deposits and other receivables, amounts due from non-controlling shareholders of subsidiaries and related companies and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. The Group recognises an impairment gain or loss in profit or loss through a loss allowance account.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and uncertified revenue. For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

3. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment (Continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on nature of financial instruments, past-due status, nature, size and industry of debtors and external credit ratings, where available. The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Financial liabilities and equity instruments

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables and amount due to a related company) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises a financial liability when, and only when, the Group's obligation is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. REVENUE AND SEGMENT INFORMATION

Revenue from the provision of security services and facility management services is recognised over time because the customers simultaneously receive and consume the benefits provided by the Group's performance as the Group performs, and is measured based on the output method. The Group bills a fixed amount for each hour or month of services provided, which is the direct measurement of the value of the services transferred to the customer from the Group's performance. The Group elects to apply the practical expedient by recognising revenue from provision of security services and facility management services in the amount to which the Group has a right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

An analysis of the Group's revenue is set out below:

	2024 HK\$'000	2023 HK\$'000
Types of services		
Provision of:		
General manned guarding services	180,240	204,424
Event and crisis security services	217	216
Manpower support services	196,552	163,644
Property management services	17,804	18,210
Car park management services	3,918	3,900
Cleaning services	3,263	2,102
Total	401,994	392,496

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

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

- (i) Security services — provision of general manned guarding services, event and crisis security services and manpower support services at railway stations and facilities, sea, land and railway immigration control points and public amenities and during large-scale events and emergency and critical incidents in Hong Kong.
- (ii) Facility management services — provision of property management services, car park management services and cleaning services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

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

	Security services HK\$'000	Facility management services HK\$'000	Elimination HK\$'000	Total HK\$'000
Year ended 31 March 2024				
Revenue				
External revenue	377,009	24,985	–	401,994
Inter-segment revenue	18,082	8,574	(26,656)	–
	395,091	33,559	(26,656)	401,994
Segment results	41,158	11,443	–	52,601
Other income				2,039
Impairment losses on financial assets, net				(139)
Other corporate expenses				(37,237)
Finance costs				(199)
Profit before taxation				17,065
Year ended 31 March 2023				
Revenue				
External revenue	368,284	24,212	–	392,496
Inter-segment revenue	17,086	8,370	(25,456)	–
	385,370	32,582	(25,456)	392,496
Segment results	45,815	11,794	–	57,609
Other income				1,730
Impairment losses on financial assets, net				(195)
Other corporate expenses				(37,676)
Finance costs				(43)
Profit before taxation				21,425

Inter-segment revenue are charged at prevailing market rates.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Set out below are the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Security services HK\$'000	Facility management services HK\$'000	Elimination HK\$'000	Total HK\$'000
Year ended 31 March 2024				
Provision of:				
General manned guarding services	180,240	–	–	180,240
Event and crisis security services	217	–	–	217
Manpower support services	196,552	–	–	196,552
Property management services	–	17,804	–	17,804
Car park management services	–	3,918	–	3,918
Cleaning services	–	3,263	–	3,263
Consolidated revenue	377,009	24,985	–	401,994
Inter-segment revenue	18,082	8,574	(26,656)	–
Total	395,091	33,559	(26,656)	401,994
Year ended 31 March 2023				
Provision of:				
General manned guarding services	204,424	–	–	204,424
Event and crisis security services	216	–	–	216
Manpower support services	163,644	–	–	163,644
Property management services	–	18,210	–	18,210
Car park management services	–	3,900	–	3,900
Cleaning services	–	2,102	–	2,102
Consolidated revenue	368,284	24,212	–	392,496
Inter-segment revenue	17,086	8,370	(25,456)	–
Total	385,370	32,582	(25,456)	392,496

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

4. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

	Security services <i>HK\$'000</i>	Facility management services <i>HK\$'000</i>	Segment total <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amount included in the measure of segment results:					
Year ended 31 March 2024					
Employee benefit expenses	328,076	13,275	341,351	19,329	360,680
Year ended 31 March 2023					
Employee benefit expenses	293,179	12,441	305,620	20,939	326,559

Geographical information

The Group's operations are all located in Hong Kong. All of the Group's customers from whom the revenue are derived from and all non-current assets are located in Hong Kong.

Information about major customers

Revenue from customers of corresponding years contributing over 10% of the Group's revenue are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A ¹	178,882	125,825
Customer B ²	137,927	165,528

¹ Revenue from security services segment.

² Revenue derives from various departments and bureaus of the government in Hong Kong from security services segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

5. OTHER INCOME/OTHER GAINS

	2024 HK\$'000	2023 HK\$'000
Bank interest income	953	655
Insurance received	938	300
Others	148	775
Other income — total	2,039	1,730
Gain on early termination of lease contracts	–	23
Exchange gain	13	–
Other gains	13	23

6. IMPAIRMENT LOSSES ON FINANCIAL ASSETS, NET

	2024 HK\$'000	2023 HK\$'000
Impairment losses recognised on:		
— trade receivables	61	141
— uncertified revenue	61	7
— other receivables and deposits	17	47
	139	195

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

7. ANALYSIS OF EXPENSES

	2024 HK\$'000	2023 HK\$'000
Directors' and chief executive's emoluments (Note 10)	6,977	7,425
Other staff salaries, wages and allowances and bonuses	339,859	306,743
Retirement benefit scheme, excluding those for directors and chief executive	13,844	12,391
Total employee benefit expenses (note)	360,680	326,559
Auditor's remuneration	1,330	1,330
Bank charges	1,167	1,076
Building management fee and rates	558	372
Cleaning services fee	1,741	1,660
Depreciation of property, plant and equipment	1,011	685
Depreciation of right-of-use assets	1,616	1,272
Legal and professional fees	3,402	3,412
Motor vehicle rental and expenses	2,084	2,108
Office expenses	672	661
Uniform	785	1,030
Other expenses	1,472	1,244
Total other operating expenses	15,838	14,850

Note: During the year ended 31 March 2023, the Group recognised government grants of HK\$2,836,000 (2024: nil) in respect of COVID-19-related subsidies in relation to Employment Support Scheme provided by the Hong Kong government and deducted in employee benefit expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

8. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	199	43

9. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax:		
Hong Kong Profits Tax	3,430	3,812
Deferred tax (Note 16)	(23)	(32)
	3,407	3,780

Hong Kong Profits Tax for both years is calculated at 16.5% of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rates regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The maximum tax concessions eligible for each subsidiary is HK\$3,000 (2023: HK\$6,000) for the year ended 31 March 2024.

Income tax expense for the year is reconciled to profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2024 HK\$'000	2023 HK\$'000
Profit before taxation	17,065	21,425
Tax at Hong Kong Profits Tax rate of 16.5%	2,816	3,535
Tax effect of expenses not deductible for tax purposes	925	621
Tax effect of income not taxable for tax purpose	(157)	(187)
Tax concessions	(12)	(24)
Tax effect on two-tiered tax rate	(165)	(165)
Income tax expense for the year	3,407	3,780

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Details of the emoluments paid or payable by the Group to the directors and the chief executive of the Company disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, are as follows:

	Directors' fee HK\$'000	Salaries and other allowances HK\$'000	Performance- based bonus HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2024					
Executive directors:					
Mr. Ma Ah Muk (deceased on 17 March 2024)	720	-	-	-	720
Mr. KS Ma	480	-	-	-	480
Mr. KM Ma	480	-	-	-	480
Mr. Vince Ma	480	-	-	18	498
Mr. Ma Yung King, Leo	480	-	-	18	498
Chief executive:					
Mr. Choi Ming Fai, Andy	-	1,252	2,551	18	3,821
Independent non-executive directors:					
Ms. Chang Wai Ha	120	-	-	-	120
Dr. Ng Ka Sing, David	240	-	-	-	240
Mr. Yau Siu Yeung	120	-	-	-	120
	3,120	1,252	2,551	54	6,977
Year ended 31 March 2023					
Executive directors:					
Mr. Ma Ah Muk (deceased on 17 March 2024)	720	-	-	-	720
Mr. KS Ma	440	-	-	-	440
Mr. KM Ma	440	-	-	17	457
Mr. Vince Ma	440	-	-	17	457
Mr. Ma Yung King, Leo	440	-	-	17	457
Chief executive:					
Mr. Choi Ming Fai, Andy	-	1,217	3,179	18	4,414
Independent non-executive directors:					
Ms. Chang Wai Ha	120	-	-	-	120
Dr. Ng Ka Sing, David	240	-	-	-	240
Mr. Yau Siu Yeung	120	-	-	-	120
	2,960	1,217	3,179	69	7,425



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS (Continued)

(a) Directors' and chief executive's emoluments (Continued)

Performance-based bonus is determined with reference to the Group's financial performance or duties and responsibilities of the relevant employee within the Group.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as director of the Company.

No emolument was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office for both years. None of the directors of the Company has waived any emoluments during both years.

(b) Employees' emoluments

The five highest paid employees of the Group include the chief executive and a director of the Company for the year ended 31 March 2024 whose emoluments are included in the disclosures in note 10(a). The emoluments of the remaining 3 (2023: 3) non-director employees for the year ended 31 March 2024 are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries and other allowances	2,625	2,737
Performance-based bonus	612	590
Retirement benefit scheme contributions	48	54
	3,285	3,381

The number of highest paid employees, who are not director or chief executive of the Company, whose remuneration within the following bands were as follows:

	Number of employees	
	2024	2023
Nil to HK\$1,000,000	2	1
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$1,500,001 to HK\$2,000,000	1	1
	3	3

No emoluments were paid by the Group to the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

11. DIVIDEND

A final dividend for the year ended 31 March 2023 of HK1.50 cents (2023: final dividend for the year ended 31 March 2022 of HK5.40 cents) per ordinary share totaling HK\$12,000,000 (2023: HK\$43,200,000), based on 800,000,000 ordinary shares, was recognised as distribution during the current year.

Subsequent to 31 March 2024, a final dividend for the year ended 31 March 2024 of HK1.20 cents per ordinary share totaling HK\$9,600,000, based on 800,000,000 ordinary shares, has been proposed by the board of directors (the “**Board**”) and is subject to approval by the shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings		
Profit for the year attributable to owners of the Company	13,663	17,645
Number of shares		
Weighted average number of ordinary shares	800,000,000	800,000,000

No diluted earnings per share is presented as there were no potential ordinary shares in issue for the current and prior years.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

13. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
COST				
At 1 April 2022	3,184	1,751	1,066	6,001
Additions	49	–	–	49
At 31 March 2023	3,233	1,751	1,066	6,050
Additions	200	1,653	366	2,219
Written off	–	(1,330)	–	(1,330)
At 31 March 2024	3,433	2,074	1,432	6,939
DEPRECIATION				
At 1 April 2022	2,592	1,315	264	4,171
Provided for the year	265	152	268	685
At 31 March 2023	2,857	1,467	532	4,856
Provided for the year	229	493	289	1,011
Written off	–	(1,330)	–	(1,330)
At 31 March 2024	3,086	630	821	4,537
CARRYING VALUES				
At 31 March 2024	347	1,444	611	2,402
At 31 March 2023	376	284	534	1,194

The above items of property, plant and equipment are depreciated on a straight-line basis as follows:

Furniture, fixtures and equipment	25% per annum
Leasehold improvements	Over the estimated useful lives of 5 years or the period of the relevant lease, whichever is shorter
Motor vehicles	25% per annum

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

14. RIGHT-OF-USE ASSETS

	Car parks HK\$'000	Office premises HK\$'000	Total HK\$'000
At 31 March 2024			
Carrying amount	–	3,055	3,055
At 31 March 2023			
Carrying amount	–	474	474
For the year ended 31 March 2024			
Depreciation	–	1,616	1,616
For the year ended 31 March 2023			
Depreciation	310	962	1,272

For both years, the Group leases car parks and office premises for its operations. Lease contracts are entered into for fixed terms of 2 years to 3 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the year, right-of-use assets amounting to HK\$4,197,000 (2023: Nil) are recognised with related lease liabilities amounting to HK\$4,047,000 (2023: Nil) attributable to new lease contracts of properties. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. This constitutes the Group's major non-cash transactions.

In addition, the Group regularly entered into short-term leases for motor vehicles. The expenses relating to short-term leases recognised during the year ended 31 March 2024 amounted to HK\$1,614,000 (2023: HK\$1,557,000).

The total cash outflow for leases during the year ended 31 March 2024 amounted to HK\$3,316,000 (2023: HK\$2,910,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

15. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	Notes	2024 HK\$'000	2023 HK\$'000
Trade receivables	(a)		
— Third parties		73,196	78,058
— Related parties		8,393	5,769
		81,589	83,827
Less: Loss allowance		(1,604)	(1,543)
		79,985	82,284
Uncertified revenue	(b)	78,420	21,083
Less: Loss allowance		(90)	(29)
		78,330	21,054
Deposits			
— Third parties		2,138	3,015
Less: Loss allowance		(5)	(4)
		2,133	3,011
Other receivables and prepayments		4,776	4,658
Less: Loss allowance		(91)	(77)
		4,685	4,581
Total trade and other receivables and deposits (shown under current assets)		165,133	110,930
Non-current deposits			
— Third parties		7,426	8,725
Less: Loss allowance		(16)	(14)
		7,410	8,711

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

The Group allows credit period of 30 to 120 days to the customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

15. TRADE AND OTHER RECEIVABLES AND DEPOSITS (Continued)

Notes:

(a) Trade receivables

At 1 April 2022, the net carrying amount of trade receivables from contracts with customers amounted to HK\$131,471,000.

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

	2024 HK\$'000	2023 HK\$'000
0–30 days	32,487	41,302
31–60 days	9,495	9,062
61–90 days	7,108	8,464
91–120 days	5,087	7,362
Over 120 days	25,808	16,094
	79,985	82,284

The Group normally provides services to customers or projects from public sector in Hong Kong which the directors of the Company believes the risk of non-recoverability is generally low. Before accepting any new customer, the Group assesses the potential customer's credit quality and/or defines credit limits by customer. Credit limits attributed to customers and credit terms granted to customers are reviewed regularly. The majority of the trade receivables that is neither past due nor impaired has no history of defaulting on repayments.

At 31 March 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$45,627,000 (2023: HK\$37,099,000) which are past due as at the reporting date. Out of the past due balances, HK\$23,579,000 (2023: HK\$13,731,000) has been past due 90 days or more and is not considered as in default as the management of the Group considered that the presumption of default has occurred when the instrument is more than 90 days past due is rebutted by considering the background (including the financial background) of these trade debtors.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

For trade receivables from related parties with gross carrying amount of HK\$8,393,000 (2023: HK\$5,769,000), the management of the Group makes individual assessment on the recoverability of trade receivables from related parties based on historical settlement records and past experience, and also quantitative and qualitative information that is reasonable and supportable forward-looking information.

As part of the Group's credit risk management, the Group applies internal credit rating for its third party customers. The debtors with significant balances at 31 March 2024 with gross carrying amount amounted to HK\$66,801,000 (2023: HK\$73,447,000) are assessed individually. The rest of debtors are grouped into three internal credit rating buckets (namely: low risk, medium risk and high risk) based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

15. TRADE AND OTHER RECEIVABLES AND DEPOSITS (Continued)

Notes: (Continued)

(a) Trade receivables (Continued)

The estimated loss rates, being 0.11% (2023: 0.14%) for low risk, 2.10% (2023: 2.17%) for medium risk and 22.59% (2023: 22.10%) for high risk, with gross carrying amount of HK\$1,196,000 (2023: HK\$2,356,000), HK\$2,755,000 (2023: HK\$958,000) and HK\$2,444,000 (2023: HK\$1,297,000) respectively, are estimated based on historical observed default rates over the expected life of the debtors and study of other corporates' default and recovery data from international credit-rating agencies, and are adjusted for forward-looking macroeconomic information (including the current and forecasted gross domestic product growth rates in Hong Kong, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

There has been no change in the estimation techniques or significant assumptions made for determination of ECLs during the year ended 31 March 2024.

(b) Uncertified revenue

Uncertified revenue represents the Group's right to receive consideration for security services rendered pending verification of attendance records by customers as at the end of the reporting period. Uncertified revenue is transferred to trade receivables when the Group obtains the certification issued by the customers and is to be settled within 30 days from the date of certification.

At 1 April 2022, the net carrying amount of uncertified revenue from contracts with customer amounted to HK\$21,355,000.

The uncertified revenue with gross carrying amount of HK\$78,420,000 (2023: HK\$21,083,000) at 31 March 2024 are assessed individually. Based on assessment by the management of the Group, impairment losses of HK\$61,000 (2023: HK\$7,000) has been recognised during the year ended 31 March 2024.

The movement in the allowance for impairment in respect of trade receivables and uncertified revenue (not credit-impaired) is as follows:

	Trade receivables HK\$'000	Uncertified revenue HK\$'000
At 1 April 2022	1,402	22
Changes due to amounts recognised at 1 April 2022		
— Impairment losses reversed	(1,402)	(22)
Amounts newly originated	1,543	29
At 31 March 2023	1,543	29
Changes due to amounts recognised at 1 April 2023		
— Impairment losses reversed	(1,258)	(29)
Amounts newly originated	1,319	90
At 31 March 2024	1,604	90

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

16. DEFERRED TAX ASSET

	Loss allowance of financial assets HK\$'000
At 1 April 2022	243
Credit for the year	32
At 31 March 2023	275
Credit for the year	23
At 31 March 2024	298

17. AMOUNTS DUE FROM NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES/ RELATED COMPANIES

The amounts due from non-controlling shareholders of subsidiaries of the Company are non-trade nature, unsecured, interest-free and repayable on demand.

Details of the amounts due from related companies are as follows:

Name of related companies	At 31 March		Maximum amount outstanding during the year ended 31 March	
	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Yan Yan Motors Limited	2,104	502	2,104	2,188
Deluxe Tower Limited	–	42	46	143
	2,104	544		

The amounts are non-trade nature, unsecured, interest-free and repayable on demand. Yan Yan Motors Limited and Deluxe Tower Limited are controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.

18. BANK BALANCES AND CASH AND PLEDGED BANK DEPOSITS

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at prevailing market rates of 0.01% to 2.5% (2023: 0.01% to 2.5%) per annum at 31 March 2024.

Pledged bank deposits represent deposits pledged to bank to secure short term banking facilities granted to the Group and are therefore classified as current assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

19. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES

	2024 HK\$'000	2023 HK\$'000
Trade payables	444	–
Other payables and accrued expenses	3,092	2,494
Accrued staff costs	39,019	35,695
	42,555	38,189

The credit terms of the trade payables are generally 30 days. At 31 March 2024, the Group's trade payables are aged within 30 days based on invoice date.

20. AMOUNT DUE TO A RELATED COMPANY

The amount due to Deluxe Tower Limited, which is controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, is non-trade nature, unsecured, interest-free and repayable on demand.

21. LEASE LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Lease liabilities are payable:		
Within a period not exceeding one year	1,395	468
Within a period of more than one year but not exceeding two years	1,617	–
	3,012	468
Less: Amount due for settlement within 12 months shown under current liabilities	(1,395)	(468)
Amount due for settlement after 12 months shown under non-current liabilities	1,617	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

22. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2022, 31 March 2023 and 31 March 2024	2,000,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2022, 31 March 2023 and 31 March 2024	800,000,000	8,000

23. RETIREMENT BENEFIT SCHEMES

Defined contribution retirement scheme

The Group operates a MPF Scheme for all its qualifying employees in Hong Kong under the MPF Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the scheme vest immediately. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years. The total expenses recognised in profit or loss included contributions to defined contribution retirement scheme for the Group of HK\$11,252,000 (2023: HK\$10,605,000) for the year ended 31 March 2024.

Defined benefit plan obligation

The Group's defined benefit plan obligations comprise of gratuity payments and long service payments.

Gratuity payments

Certain employees of the Group are entitled to gratuity payments calculated as a percentage of the employees' remuneration as stipulated in the Group's service contracts with the Government of the Hong Kong Special Administrative Region when the employees completed required service periods, which generally range from one to three years. The gratuity payments are made when the relevant service contracts expire. The gratuity payments could offset the relevant employees' long service payments payable. Included in the expenses recognised in report of defined benefit plan obligations for the year ended 31 March 2024 amounting to HK\$2,646,000 (2023: HK\$1,855,000) is gratuity payment of HK\$2,578,000 (2003: HK\$1,703,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

23. RETIREMENT BENEFIT SCHEMES (Continued)

Defined benefit plan obligation (Continued)

Long service payments

The Group's employees are entitled to long service payments if they have been employed for more than five years. The amount of long service payments payable is determined with reference to the employee's final salary (capped at HK\$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme, with an overall cap of HK\$390,000 per employee.

In June 2022, the Government gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "**Amendment Ordinance**"), which will eventually abolish the statutory right of an employer to reduce its long service payments payable to a Hong Kong employee by drawing on its mandatory contributions to the MPF scheme. The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the "**Transition Date**"). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the long service payments in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the long service payments in respect of the employee's service up to that date; in addition, the long service payments in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The latest actuarial valuation as at 31 March 2024 specifically designated for the Group's employees was valued using projected unit credit method with the principal assumptions of discount rate ranges from 3.45% to 4.17%, future salary increment of 3% and return of MPF balance of 3%. The Group does not set aside any assets to fund any remaining obligations. The long service payments are paid out from the Group's cash in hand when such payments are required. The present value of the unfunded obligations for long service payments at the end of the reporting period is not significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

24. RELATED PARTY DISCLOSURES

(a) Related party balances

Details of the outstanding balances with related parties are set out in the consolidated statement of financial position and in Notes 15, 17 and 20.

(b) Related party transactions

Save as disclosed elsewhere in the consolidated financial statements, the Group entered into the following transactions with related parties:

Relationship with the Group	Name of related party	Transactions	2024 HK\$'000	2023 HK\$'000
Controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma	Yan Yan Motors Limited	Security services income	3,901	3,852
		Facility management services income	11,411	11,388
		Interest expenses on lease liabilities	-	13
	Better Coin Industrial Limited	Security services income	87	194
	Big Union Development Limited	Security services income	292	43
	Deluxe Tower Limited	Facility management services income	1,106	1,106
		Security services income	526	526
	Express Top Industries Limited	Security services income	1,494	1,368
	Golden Way Public Light Bus (Scheduled) Service Company Limited	Security services income	225	485
		Motor vehicles rental expenses	-	29
	Koon Wing Motors Limited	Security services income	158	352
Controlled by late Mr. Ma Ah Muk	Trinity General Insurance Company Limited	Insurance expenses	49	45
Controlled by Ms. Ma Wah Chu, sibling of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma	Eco Tree Hotel Limited	Security services income	472	728

The above security services income and facility management services income constitute continuing connected transactions under the Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

24. RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel

The remuneration of directors and other members of key management were as follows:

	2024 HK\$'000	2023 HK\$'000
Short-term employee benefits	9,738	10,093
Post-employment benefits	102	123
	9,840	10,216

The remuneration of directors and key executives is reviewed by the remuneration committee having regard to the performance of individuals and market trends.

25. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group companies will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged for both years.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost and the risks associated with each class of the capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through payment of dividend, new share issues and issue of new debt.

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 HK\$'000	2023 HK\$'000
Financial assets		
Amortised cost	246,120	237,650
Financial liabilities		
Amortised cost	3,119	2,160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

26. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's financial instruments include trade receivables, uncertified revenue, deposits and other receivables, amounts due from/to related companies/non-controlling shareholders of subsidiaries, bank balances, trade and other payables.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk and market risk (interest rate risk). The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk and impairment assessment

The carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position represents the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties.

The Group's credit risk is primarily attributable to its trade receivables, uncertified revenue, amounts due from non-controlling shareholders of subsidiaries and related companies, deposits and other receivables and bank balances. In order to minimise the credit risk, the chief executive of the Company is responsible for determination of credit limits and credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

At 31 March 2024, the Group has concentration of credit risk as 60% (2023: 39%) of the total trade receivables and uncertified revenue was due from the Group's largest customer. The Group's concentration of credit risk on the five largest customers accounted for 91% (2023: 89%) of the total trade receivables and uncertified revenue at 31 March 2024. The management of the Group considers the credit risk of amounts due from these customers is insignificant after considering their historical settlement record, credit quality and/or financial positions.

The Group has applied the simplified approach to measure the ECL on trade receivables and uncertified revenue at lifetime ECL as disclosed in note 15. While ECL for other financial assets at amortised cost, including deposits and other receivables, amounts due from non-controlling shareholders of subsidiaries, amounts due from related companies, and bank balances, are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition.

For amounts due from non-controlling shareholders of subsidiaries, amounts due from related companies, deposits and other receivables with gross carrying amount of HK\$7,000 (2023: HK\$2,000), HK\$2,104,000 (2023: HK\$544,000) and HK\$12,175,000 (2023: HK\$13,681,000), respectively, the management of the Group makes individual assessment on the recoverability of them based on historical settlement records and past experience. At 31 March 2024, the Group assessed the ECL for deposits and other receivables to be HK\$112,000 (2023: HK\$95,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

26. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The credit risk on bank balances of the Group with gross carrying amount of HK\$73,614,000 (2023: HK\$120,162,000) is limited because the counterparties are banks with high credit ratings (i.e. AA- to A) assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and the ECL is negligible.

Liquidity risk

In management of the liquidity risk, the Group monitors and maintains levels of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date, on which the Group can be required to settle. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	On demand or less than 3 months HK\$'000	3 months to 1 year HK\$'000	1 year to 3 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 March 2024						
Trade and other payables	-	3,105	-	-	3,105	3,105
Amount due to a related company	-	14	-	-	14	14
		3,119	-	-	3,119	3,119
Lease liabilities	6.51	388	1,163	1,679	3,230	3,012
At 31 March 2023						
Other payables	-	2,160	-	-	2,160	2,160
Lease liabilities	3.01	259	214	-	473	468

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

26. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances due to the fluctuation of the prevailing market interest rate. The Group is also exposed to fair value interest rate risk in relation to fixed-rate lease liabilities. The directors of the Company consider the Group's exposure of the bank balances to interest rate risk is insignificant as interest bearing bank balances are within short maturity period and the fluctuation of market interest rate is not expected to be significant, no sensitivity analysis is presented accordingly.

The Group currently does not have any interest rate hedging policy in relation to cash flow interest rate risks. The directors of the Company monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

(c) Fair value measurements of financial instruments

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Dividend payable HK\$'000	Amount due to a related company HK\$'000	Lease liabilities HK\$'000
At 1 April 2022	–	58	2,311
Financing cash flows	(43,200)	(58)	(1,353)
<i>Non-cash changes:</i>			
Finance costs accrued	–	–	43
Dividend	43,200	–	–
Early termination of lease contract	–	–	(533)
At 31 March 2023	–	–	468
Financing cash flows	(12,000)	14	(1,702)
<i>Non-cash changes:</i>			
Finance costs accrued	–	–	199
Dividend	12,000	–	–
New lease entered	–	–	4,047
At 31 March 2024	–	14	3,012

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

28. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2024 HK\$'000	2023 HK\$'000
NON-CURRENT ASSET		
Investments in subsidiaries	35,134	35,134
CURRENT ASSETS		
Other receivables and prepayments	556	669
Amounts due from subsidiaries	56,551	42,246
Bank balances	2,268	15,919
	59,375	58,834
CURRENT LIABILITIES		
Other payables and accrued expenses	576	342
Amounts due to subsidiaries	390	390
	966	732
NET CURRENT ASSETS	58,409	58,102
NET ASSETS	93,543	93,236
CAPITAL AND RESERVES		
Share capital	8,000	8,000
Reserves	85,543	85,236
TOTAL EQUITY	93,543	93,236

	Share premium HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2022	80,804	19,402	100,206
Profit and total comprehensive income for the year	–	28,230	28,230
Dividend (Note 11)	–	(43,200)	(43,200)
At 31 March 2023	80,804	4,432	85,236
Profit and total comprehensive income for the year	–	12,307	12,307
Dividend (Note 11)	–	(12,000)	(12,000)
At 31 March 2024	80,804	4,739	85,543



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

29. PARTICULARS OF SUBSIDIARIES

Name of subsidiary	Place of incorporation	Issued and fully paid share capital	Equity interest attributable to the Group at 31 March		Principal activities
			2024	2023	
Directly held by the Company					
IWS Security Management Holdings Limited	BVI	HK\$2	100%	100%	Investment holding
IWS Property Management Holdings Limited	BVI	HK\$2	100%	100%	Investment holding
IWS Cleaning Management Holdings Limited	BVI	HK\$2	100%	100%	Investment holding
IWS Carpark Management Holdings Limited	BVI	HK\$2	100%	100%	Investment holding
IWS Tunnel Management Holdings Limited	BVI	United States Dollar 50,000	100%	100%	Investment holding
IWS Security System Holdings Limited	BVI	HK\$1	100%	–	Investment holding
Indirectly held by the Company					
International Wing Shing Security Management Limited	Hong Kong	HK\$3,000,000	100%	100%	Provision of general manned guarding services, event and crisis security services and manpower support services
International Wing Shing Property Management Limited	Hong Kong	HK\$10,000	100%	100%	Provision of general manned guarding services, manpower support services and property management services
IWS Carpark Management Limited	Hong Kong	HK\$10,000	100%	100%	Provision of car park management services and rental of car parks and investment holding
IWS Cleaning Services Limited	Hong Kong	HK\$10,000	100%	100%	Provision of cleaning services
IWS Carpark (JV 1) Limited	Hong Kong	HK\$10,000	80%	80%	Inactive
IWS Tunnel Management Limited	Hong Kong	HK\$10,000	100%	100%	Inactive
IWS-N1 Solutions Limited	Hong Kong	HK\$10,000	51%	–	Inactive

None of the subsidiaries had issued any debt securities as of the end of the reporting period. All subsidiaries operate in Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

30. PERFORMANCE BONDS

Certain customers of service contracts undertaken by the Group require the Group to issue guarantees for contract works in the form of performance bonds issued by the banks. The performance bonds will be released when the service contracts are completed. At 31 March 2024, the outstanding performance bonds amounted to HK\$56,667,000 (2023: HK\$44,575,000).

31. SHARE OPTION SCHEME

The share option scheme of the Company (the “**Share Option Scheme**”) was adopted by the Company by a written shareholder’s resolution of the Company passed on 20 September 2019.

A summary of the principal terms of the Share Option Scheme is set out as follows:

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and service providers of the Group and to promote the success of the business of the Group.

The Board may, at its absolute discretion and on such terms as it may think fit, grant options to any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive directors) from time to time on the basis of his/her contribution or potential contribution to the development and growth of the Group.

The subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average closing prices of the shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option. An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00. The total number of shares available for issue under the Share Option Scheme is 80,000,000 shares representing 10% of the Company’s issued share capital at the date of the issuance of the consolidated financial statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2024

31. SHARE OPTION SCHEME *(Continued)*

The total number of shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue. Any further grant of options in excess of such limit must be separately approved by shareholders of the Company in general meeting with such grantee and his/her close associates abstaining from voting.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. The Share Option Scheme will remain in force for a period of ten years commencing on 20 September 2019 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the shareholders in general meeting.

No share options have been granted since the adoption of the Share Option Scheme.

FINANCIAL SUMMARY

The following table summarises the consolidated financial results, assets and liabilities of the Group for the year ended/as at 31 March:

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
FINANCIAL RESULTS					
Revenue	401,994	392,496	537,371	365,833	481,571
Profit before taxation	17,065	21,425	71,783	72,806	60,118
Income tax expense	(3,407)	(3,780)	(15,214)	(6,594)	(13,030)
Profit for the year	13,658	17,645	56,569	66,212	47,088
Attributable to:					
Owners of the Company	13,663	17,645	56,570	66,213	47,088
Non-controlling interests	(5)	–	(1)	(1)	–
	13,658	17,645	56,569	66,212	47,088
ASSETS, LIABILITIES AND EQUITY					
Total assets	254,742	246,011	292,907	251,719	210,158
Total liabilities	(45,877)	(38,809)	(60,150)	(49,531)	(58,182)
	208,865	207,202	232,757	202,188	151,976
Total equity	208,865	207,202	232,757	202,188	151,976