



IWS Group Holdings Limited

國際永勝集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8441



ANNUAL REPORT
2020

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This report, for which the directors (the "**Directors**") of IWS Group Holdings Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the "**Group**"). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CONTENTS

	PAGE(S)
CORPORATE INFORMATION	3
FINANCIAL HIGHLIGHTS	4
CHAIRMAN'S STATEMENT	6
MANAGEMENT DISCUSSION AND ANALYSIS	8
DIRECTORS AND SENIOR MANAGEMENT	14
CORPORATE GOVERNANCE REPORT	20
DIRECTORS' REPORT	32
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT	46
INDEPENDENT AUDITOR'S REPORT	59
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	63
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	64
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	65
CONSOLIDATED STATEMENT OF CASH FLOWS	66
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	67
FINANCIAL SUMMARY	124



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

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

COMPLIANCE OFFICER

Mr. Ma Yung King, Leo

COMPANY SECRETARY

Mr. Wong Chi Kong

LEGAL ADVISER

Iu, Lai & Li Solicitors and Notaries

COMPLIANCE ADVISER

Red Solar Capital Limited

AUDITOR

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

PRINCIPAL BANKER

Hang Seng Bank Limited

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

8441

WEBSITE

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

FINANCIAL HIGHLIGHTS

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

	FY2020 (HK\$'000)	FY2019 (HK\$'000)
Revenue	481,571	295,171
Profit before taxation	60,118	22,877
Profit and total comprehensive income for the year	47,088	17,749

ADJUSTED NET PROFIT

	FY2020 (HK\$'000)	FY2019 (HK\$'000)
Profit and total comprehensive income for the year	47,088	17,749
Adjustment for listing expenses	15,525	8,515
Adjusted net profit	62,613	26,264

SELECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS

	As at 31 March	
	2020 (HK\$'000)	2019 (HK\$'000)
Non-current assets	10,092	3,695
Current assets	200,066	151,979
Current liabilities	57,531	104,846
Net current assets	142,535	47,133
Non-current liabilities	651	–
Net assets/Total equity	151,976	50,828



FINANCIAL HIGHLIGHTS

SELECTED CONSOLIDATED STATEMENT OF CASH FLOWS

	FY2020 (HK\$'000)	FY2019 (HK\$'000)
Net cash from (used in) operating activities	43,163	(37,073)
Net cash from (used in) investing activities	761	(1,574)
Net cash from financing activities	7,854	46,650
Net increase in cash and cash equivalents	51,778	8,003
Cash and cash equivalents at beginning of the year	27,096	19,093
Cash and cash equivalents at end of the year	78,874	27,096

KEY FINANCIAL RATIOS

	As at 31 March	
	2020/ FY2020	2019/ FY2019
Adjusted net profit margin (%)	13.0 ⁽¹⁾	8.9 ⁽²⁾
Adjusted return on equity (%)	41.2 ⁽¹⁾	51.7 ⁽²⁾
Adjusted return on total assets (%)	29.8 ⁽¹⁾	16.9 ⁽²⁾
Interest coverage (times)	37.6 ⁽¹⁾	39.2 ⁽²⁾
Current ratio (times)	3.5	1.4
Quick ratio (times)	3.5	1.4
Gearing ratio (%)	7.9	112.1
Net debt to equity ratio (%)	N/A	58.8
Average trade receivables turnover days (days)	81	83

Notes:

- Ratio calculation excluded the non-recurring listing expenses of approximately HK\$15.5 million for the year ended 31 March 2020.
- Ratio calculation excluded the non-recurring listing expenses of approximately HK\$8.5 million for the year ended 31 March 2019.

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 2020. This is the first annual report of the Group since its listing on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 22 October 2019.

OVERVIEW

In 2019, the Group has opened a new chapter in the history of its development when it was officially listed on the Stock Exchange and gained access to international capital markets. I would like to express my sincere appreciation to our investors for their trust in our management team throughout the process of the share offer, casting a vote of confidence in the future development prospects of the Group. This confidence has paved the way for the successful completion of, and positive feedback from, the investment market, for the Group's initial public offering despite the volatility in the equity market.

The year ended 31 March 2020 ("**FY2020**") has been a turbulent period for the Hong Kong market as it was affected by the protracted China-US trade war and social instability that led to an economic downturn in the second half of the year. Despite the challenging conditions, the Group delivered a record high results performance, as demand for its security and facilities management services continued to grow. This is due to 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 FY2020, the Group achieved an increase in revenue of approximately 63.1% from approximately HK\$295.2 million for the year ended 31 March 2019 ("**FY2019**") to approximately HK\$481.6 million. The growth was mainly driven by the increase in revenue derived from security services segment. In line with the increase in revenue, the Group's profit and total comprehensive income for the year increased to approximately HK\$47.1 million for FY2020 from approximately HK\$17.7 million in FY2019, up by 165.3%. Excluding the non-recurring listing expenses, the Group's profit and total comprehensive income for the year for FY2020 was approximately HK\$62.6 million.

A final dividend for the year ended 31 March 2020 of HK2 cents per ordinary share, totaling HK\$16,000,000 based on 800,000,000 ordinary shares has been proposed by the board of directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting.



CHAIRMAN'S STATEMENT

FORWARD

Following the Group's successful listing, the Group has strengthened 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 acquisition and investment opportunities, all of which aim at the 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 due to the outbreak of Coronavirus Disease 2019 and a decline in economy. The Board is optimistic that in a long view, the Group will enhance shareholder value and contribute sustainable growth.

Ma Ah Muk

Chairman

Hong Kong, 8 June 2020

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The year 2019 was fruitful for the Group as it was listed on GEM of the Stock Exchange, a milestone of great significance in its history.

For the year ended 31 March 2020, the Group delivered a satisfying positive performance amid the unstable economic and social environment in Hong Kong, demand for the Group's security and facility management services continued to grow. This is attributable to the well-established "IWS" brand, which stands for quality security services to its customers in Hong Kong.

FINANCIAL OVERVIEW

Revenue

The Group derives revenue from providing security services and facility management services across both the public and private sectors in Hong Kong. The Group's revenue increased by approximately HK\$186.4 million, or 63.1% from approximately HK\$295.2 million for the year ended 31 March 2019 to approximately HK\$481.6 million for the year ended 31 March 2020.

Security services

Revenue generated from the security services segment increased by approximately HK\$184.7 million or 69.1% from approximately HK\$267.5 million for the year ended 31 March 2019 to approximately HK\$452.2 million for the year ended 31 March 2020, which was primarily due to general manned guarding services generating revenue of approximately HK\$344.7 million for the year ended 31 March 2020, representing an increase of approximately 113.0% from approximately HK\$161.9 million for the year ended 31 March 2019. The increase was primarily due to the revenue of approximately (i) HK\$5.5 million derived from the ongoing Guangshengang XRL Contract ("**XRL Contracts**") with a Hong Kong railway corporation (the "**Railway Corporation**"); and (ii) HK\$177.4 million derived from temporary ad-hoc security guarding services from the Railway Corporation during the year ended 31 March 2020.

Facility management services

Revenue generated from facility management services increased by approximately HK\$1.7 million, or 6.1% from approximately HK\$27.7 million for the year ended 31 March 2019 to approximately HK\$29.4 million for the year ended 31 March 2020. The increase was primarily due to increase in revenue derived from property management services and cleaning services in the year ended 31 March 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Employee benefit expenses

Employee benefit expenses increased by approximately 54.1% from approximately HK\$252.1 million for the year ended 31 March 2019 to approximately HK\$388.5 million for the year ended 31 March 2020 mainly due to (i) increase in total headcount for the temporary ad-hoc security guarding services contract from the Railway Corporation and the XRL Contracts; and (ii) bonus of approximately HK\$15.4 million payable to senior management of the Group.

Selling and marketing expenses

Selling and marketing expenses remained relatively stable at HK\$2.1 million for the year ended 31 March 2020 as compared to HK\$2.5 million for the year ended 31 March 2019.

Administrative expenses

Administrative expenses increased by approximately HK\$5.7 million, or 68.0% from approximately HK\$8.4 million for the year ended 31 March 2019 to approximately HK\$14.1 million for the year ended 31 March 2020. This increase was mainly due to (i) an increase in auditors' remuneration of approximately HK\$1.4 million; (ii) an increase in legal and professional fees of approximately HK\$2.8 million resulting from listing, and (iii) an increase in cleaning services fees of approximately HK\$1.0 million as a result of the increase of new contracts for facility management services.

Income tax expense

Income tax expenses increased by approximately HK\$7.9 million, or 154.1% from approximately HK\$5.1 million for the year ended 31 March 2019 to approximately HK\$13.0 million for the year ended 31 March 2020. The increase was primarily due to combined effects of the increase in profit before taxation and listing expenses incurred during the year ended 31 March 2020, which was not deductible for tax purpose. The effective tax rate was approximately 22.4% and 21.7% for the years ended 31 March 2019 and 2020, respectively. Excluding the non-recurring listing expenses of approximately HK\$8.5 million and HK\$15.5 million incurred for the years ended 31 March 2019 and 2020 respectively, which was non-deductible for taxation purpose, the effective tax rate would be approximately 16.3% and 17.2%, 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 increased by approximately HK\$29.3 million, or 165.3% from approximately HK\$17.7 million for the year ended 31 March 2019 to approximately HK\$47.1 million for the year ended 31 March 2020. Net profit margin increased from approximately 6.0% for the year ended 31 March 2019 to approximately 9.8% for the year ended 31 March 2020. Excluding the non-recurring listing expenses of approximately HK\$8.5 million and HK\$15.5 million incurred for the years ended 31 March 2019 and 2020, respectively, profit and total comprehensive income for the year amounted to approximately HK\$62.6 million for the year ended 31 March 2020 and net profit margin increased to approximately 13.0% for the year ended 31 March 2020 compared to approximately 8.9% for the year ended 31 March 2019.

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 and bank borrowings.

As at 31 March 2020, the Group had bank balances and cash of approximately HK\$78.9 million, representing an increase of approximately HK\$51.8 million or 191.1% from approximately HK\$27.1 million as at 31 March 2019.

As at 31 March 2020, the Group had net current assets and net assets of approximately HK\$142.5 million (31 March 2019: HK\$47.1 million) and approximately HK\$152.0 million (31 March 2019: HK\$50.8 million), respectively. As at 31 March 2020, its current ratio, calculated based on current assets divided by current liabilities of the Group, was 3.5 times (31 March 2019: 1.4 times).

As at 31 March 2020, total borrowings of the Group amounted to approximately HK\$12.0 million (31 March 2019: HK\$57.0 million) and total equity was approximately HK\$152.0 million (31 March 2019: HK\$50.8 million). As at 31 March 2020, the Group's gearing ratio, calculated based on total borrowings divided by total equity, was approximately 7.9% (31 March 2019: 112.1%).

As at 31 March 2020, the Group had bank facilities with a limit of HK\$140.0 million (including a temporary increase of facility limit of HK\$60.0 million) of which HK\$41.4 million had been utilised.

As at 31 March 2020, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$152.0 million (31 March 2019: approximately HK\$50.8 million), comprising issued share capital and reserves. Since its shares were listed on GEM of the Stock Exchange on 22 October 2019, there has been no change in the capital structure of the Group.

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 2020, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 March 2020.

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 2020. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENT INFORMATION

Segment information for the Group is presented in note 5 to the consolidated financial statement on pages 91 to 95.

PERFORMANCE BOND

As at 31 March 2020, the Group had an outstanding performance bond of approximately HK\$29.4 million issued by the Group's bank with corporate guarantees from the Company to fulfil the obligation of providing contract securities using existing bank facilities for contracts with the Railway Corporation, the XRL Contracts and the contracts with the Hong Kong Government in the Group's normal course of business.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 March 2020.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 31 March 2020, the Group did not hold any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS ON CAPITAL ASSETS

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

SHARE CAPITAL

Details of the share capital are set out in note 25 to the consolidated financial statements on page 111.

PLEDGE OF ASSETS

There were no pledged assets as at 31 March 2020 (31 March 2019: Nil).

CAPITAL COMMITMENTS

As at 31 March 2020, the Group did not have any material capital commitment (31 March 2019: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group had 1,941 employees (31 March 2019: 2,178 employees). Staff costs of the Group, including Directors' remuneration, were approximately HK\$388.5 million for the year ended 31 March 2020 (31 March 2019: HK\$252.1 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.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any significant contingent liabilities or guarantees (31 March 2019: Nil). The Group is not currently 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\$19.2 billion in 2013 to approximately HK\$27.1 billion in 2019, representing a CAGR of approximately 7.1%. It is expected that the market size of security services in Hong Kong would reach approximately HK\$38.3 billion in 2023, at the CAGR of approximately 7.2% from 2019 to 2023.

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, the needs for security services, especially crowd coordination and management services, in the public transportation sector is expected to grow significantly. Under this favourable background, the demand for security services are forecasted to experience an outstanding growth.

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 facility management market in Hong Kong has experienced a growth from approximately HK\$42.2 billion in 2013 to approximately HK\$56.6 billion in 2019, representing a CAGR of approximately 6.0%. Supported by the strong demand for housing and the expediting of land supply, the facility management market is expected to maintain a growing trend and reach approximately HK\$77.2 billion by 2023, representing a CAGR of approximately 6.5% from HK\$60.1 billion in 2019 to HK\$77.2 billion in 2023.

Under these favourable backgrounds, the Group believes that the demand for security services and facility management 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, to cope with the macroeconomic uncertainties aroused by the continuous Sino-U.S. trade tensions and the global outbreak of Coronavirus Disease 2019 in the beginning of 2020, the Group will take effective cost control measures in order to raise its economic efficiency and sustain its long-term business growth.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE LISTING

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

After the Listing, the Group had utilised and will continue utilising such 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 net proceeds from the Listing from the date of the Listing to 31 March 2020 were used as follows:

	Actual net proceeds from the Listing (HK\$'000)	Amount utilised as at 31 March 2020 (HK\$'000)	Balance as at 31 March 2020 (HK\$'000)
Expanding our business in security services			
(i) Recruitment of security service personnel	5,600	–	5,600
(ii) Contract securities	7,600	3,000	4,600
(iii) Acquisition of patrol vehicles	1,000	–	1,000
	14,200	3,000	11,200
Enhancing our capability in providing facility management services			
(i) Acquisition of machines and equipment	4,100	–	4,100
(ii) Expansion of our operation team and sales and marketing team	1,000	–	1,000
	5,100	–	5,100
Improving operational efficiency and scalability			
(i) Upgrade of information technology infrastructure	3,000	–	3,000
(ii) Establishment of a control room	2,000	–	2,000
	5,000	–	5,000
Payment for outstanding bank loan	4,500	4,500	–
General working capital	3,200	640	2,560
	32,000	8,140	23,860

As at 31 March 2020, approximately HK\$8.1 million of the net proceeds from the Listing had been utilised.

As at 31 March 2020, the unutilised net proceeds of approximately HK\$23.9 million were deposited in a licensed bank in Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. MA Ah Muk (馬亞木), aged 88, is the Chairman of the Company and executive Director and is primarily responsible for the overall strategic business development of the Group. He is the father of Mr. Ma Kiu Sang ("**Mr. KS Ma**"), Mr. Ma Kiu Mo ("**Mr. KM Ma**") and Mr. Ma Kiu Man, Vince ("**Mr. Vince Ma**"), and the grandfather of Mr. Ma Yung King, Leo ("**Mr. Leo Ma**").

Mr. Ma Ah Muk founded and has been a director of Yan Yan Motors Limited ("**Yan Yan Motors**") since its incorporation in 1977. He has over 30 years of experience in the public light bus industry. His public light bus business continued to expand over the years and his green minibus fleet is currently the largest in Hong Kong, operating on major routes in Hong Kong. As an entrepreneur, Mr. Ma Ah Muk ventured into new businesses covering various industries including real estate, finance, food and beverage, security services and hotel management. Amongst all, being a strategic investor as he has always been and is constantly on the lookout for investment opportunities that will deliver long-term returns, Mr. Ma Ah Muk ventured into the security services sector in 2008 when he along with the other members of the Ma Family (as defined in the Directors' Report) 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. Ma Ah Muk 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**"), IWS Carpark (JV 1) Limited ("**IWS Carpark (JV 1)**") and IWS Tunnel Management Limited ("**IWS Tunnel**") since their respective date of incorporation. Since the founding of the Group, with the assistance of our senior management who possess in-depth industry knowledge expertise in various areas including security services and facility management services, Mr. Ma Ah Muk along with our other executive Directors oversees the overall business strategic development of the Group.

Mr. Ma Ah Muk is an advocate of youth development and education, setting up scholarships at The Chinese University of Hong Kong.

Mr. Ma Ah Muk also serves as an Honorary Life President of Hong Kong, Kowloon and N.T. Public & Maxicab Light Bus Merchants' United Association and Public Light Bus General Association. Mr. Ma Ah Muk was awarded an honorary fellowship from the Hong Kong Academy for Performing Arts in October 2017.

DIRECTORS AND SENIOR MANAGEMENT

Mr. MA Kiu Sang (馬僑生), aged 64, is an executive Director and is primarily responsible for the overall corporate and business strategic formulation of the Group. He is a son of Mr. Ma Ah Muk, the brother of Mr. KM Ma and Mr. Vince Ma, and the father of Mr. Leo Ma.

Mr. KS Ma has been a director of Yan Yan Motors 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 Mr. Ma Ah Muk, who is a strategic investor, and other members of the Ma Family, Mr. KS 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. KS 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, IWS Carpark (JV 1) and IWS Tunnel since their respective date of incorporation. Since the founding of the Group, with the assistance of our senior management who possess in-depth industry knowledge expertise in various areas including security services and facility management services, Mr. KS Ma along with our 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 is 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.

Mr. MA Kiu Mo (馬僑武), aged 62, is an executive Director and is primarily responsible for the overall corporate and business strategic formulation of the Group. He is a son of Mr. Ma Ah Muk, 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 Mr. Ma Ah Muk, who is a strategic investor, and 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, IWS Carpark (JV 1) and IWS Tunnel since their respective date of incorporation. Since the founding of the Group, with the assistance of our senior management who possess in-depth industry knowledge expertise in various areas including security services and facility management services, Mr. KM Ma along with our 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.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ma Kiu Man, Vince (馬僑文), aged 58, is an executive Director and is primarily responsible for the overall corporate and business strategic formulation of the Group. He is a son of Mr. Ma Ah Muk, 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 Mr. Ma Ah Muk, who is a strategic investor, and 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, IWS Carpark (JV 1) and IWS Tunnel since their respective date of incorporation. Since the founding of the Group, with the assistance of our senior management who possess in-depth industry knowledge expertise in various areas including security services and facility management services, Mr. Vince Ma along with our 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.

Mr. MA Yung King Leo (馬雍景), aged 31, is an executive Director and is primarily responsible for the overall corporate strategic formulation, business management, execution and operation of the Group. He is a member of the Ma Family and the son of Mr. KS 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 is 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), since September 2017. He is 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.

DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Dr. NG Ka Sing David (吳家聲) (“Dr. Ng”), aged 63, 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 Police in the Hong Kong Police Force where he had served for more than 30 years. Dr. Ng is an adjunct assistant professor at the sociology department of The Chinese University of Hong Kong for the period from January 2018 to May 2020. He was the Police Public Relations Branch Chief Superintendent when he acted as the Force’s spokesman and was responsible for handling media, public relations and crisis communications. Dr. Ng has been an Advisory Board Member at Lingnan University of Hong Kong from September 2012 to August 2018. In October 2016, Dr. Ng has been appointed as an adjunct associate professor of Hong Kong Shue Yan University for a period of four years. He is currently a panel member of the Research Ethics Committee of the Hong Kong Hospital Authority. In February 2018, he was appointed as Member of the Hospital Governing Committee of Queen Elizabeth Hospital for the period from April 2018 to March 2020 and was further extended to March 2022 in April 2020.

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.

Dr. Ng obtained a doctoral degree in philosophy in December 2012 from The Chinese University of Hong Kong. He graduated from the University of Hong Kong with a master of social sciences in December 1990.

Ms. CHANG Wai Ha (鄭惠霞) (“Ms. Chang”), aged 52, 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 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.

DIRECTORS AND SENIOR MANAGEMENT

Mr. YAU Siu Yeung (游紹揚) (“Mr. Yau”), aged 34, 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 four years of experience in the legal industry. He currently works as an assistant solicitor in K.B. Chau & Co.. He was the company secretary of OOH Holdings Limited (stock code: 8091), a company listed on the GEM board 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.

SENIOR MANAGEMENT

Mr. CHOI Ming Fai Andy (蔡明輝) (“Mr. Andy Choi”), aged 52, 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 18 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 G4S subsequent to the merger with Group 4 Falck in 2004) 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 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 61, 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 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 management security 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.

DIRECTORS AND SENIOR 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, and a member of the Chartered Institute of Housing in November 2003.

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.

Ms. LEE Lai Sheung (李麗嫦) (“Ms. Fenny Lee”), aged 50, 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 37, 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 ten 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 37, 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 2020.

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 15 to the GEM Listing Rules. During the period from the Listing Date to 31 March 2020, the Company had complied with all the applicable code provisions of the CG Code.

A.2 and A.2.1 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.

As the Company was only listed on 22 October 2019, the Board convened only two Board meetings during the period from the Listing Date to 31 March 2020 to consider and approve the unaudited interim results and the unaudited 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 A.1.1 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 eight members, of which five are executive Directors, namely Mr. Ma Ah Muk (chairman), Mr. Ma Kiu Sang, 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.

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 2020.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to the code provision A.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 Ah Muk 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 one year and such service agreement may be terminated by either party giving at least three months' 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 the Rule 5.09 of the GEM 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 independence guidelines set out in the GEM Listing Rules for the year ended 31 March 2020 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.

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.

CORPORATE GOVERNANCE REPORT

BOARD DIVERSITY POLICY

Pursuant to the code provision A.5.6 of the CG Code, the Company is required to adopt a board diversity policy. The Company has adopted the board diversity policy on 20 September 2019 (the “**Board Diversity Policy**”) which aims at achieving parity 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 our Board. Moreover, the Company’s Board members are comprised of a wide range of ages, ranging from 31 years old to 88 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 recognize that the gender diversity at the Board level can be improved given its current composition of seven 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. Nevertheless, the Company will continue to apply the principle of appointments based on merits with reference to the board diversity policy as a whole.

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.

PROFESSIONAL DEVELOPMENT OF THE DIRECTORS

In compliance with the code provision A.6.5 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 Directors had provided the relevant record to the Company for the year ended 31 March 2020.

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 GEM 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.

CORPORATE GOVERNANCE REPORT

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.

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 2020 are set out in the table below:

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

Two Board meetings and two Audit Committee meetings were held during the year ended 31 March 2020. As the Company was listed on 22 October 2019, the Board convened only two Board meetings during the period from the Listing Date to 31 March 2020 to consider and approve the unaudited interim results and the unaudited 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 A.1.1 of the CG Code.

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**") in compliance with the GEM 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 GEM website and the Company's website at www.iws.com.hk. All the Board Committees should report to the Board on their decisions or recommendations.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEE

Audit Committee

The Board established an audit committee with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and paragraphs C.3.3 and C.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 period from the Listing Date to 31 March 2020, two meetings of the Audit Committee were held to review the Group's interim 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.

Remuneration Committee

The Board established a remuneration committee with written terms of reference in compliance with code provision B.1.2 of the CG Code. The Remuneration Committee consists of one executive Director and three independent non-executive Directors, namely Mr. Ma Ah Muk, 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, the following (i) making recommendations to our 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.

During the period from the Listing Date to 31 March 2020, the Remuneration Committee reviewed and approved the performance-based bonus and remuneration package of each individual executive Director and senior management and approved the salary and bonus payable.

CORPORATE GOVERNANCE REPORT

Pursuant to the code provision B.1.5 of the CG Code, the remuneration of the numbers of the senior management by band for the year ended 31 March 2020 is set out below:

Remuneration bands (HK\$)	Number of employees
Nil to HK\$1,000,000	2
HK\$2,000,001 to HK\$2,500,000	1
HK\$14,500,001 to HK\$15,000,000	1

Details of the amount of Directors' emoluments for the year ended 31 March 2020 are set out in note 11 to the consolidated financial statements of this report.

Nomination Committee

The Board also established a nomination committee with written terms of reference in compliance with paragraph A.5.2 of the CG Code. The Nomination Committee consists of two executive Directors and three independent non-executive Directors, namely Mr. Ma Ah Muk, 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 function 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;

CORPORATE GOVERNANCE REPORT

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;
8. requirement in accordance with the GEM Listing Rules and whether the candidate would be considered independent with reference to the guidelines on independence as set out in the GEM 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 the GEM 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.

CORPORATE GOVERNANCE REPORT

During the year ended 31 March 2020, no new Director was appointed.

During the period from the Listing Date to 31 March 2020, no meeting of the Nomination Committee was held. On 8 June 2020, the Nomination Committee held a meeting 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 period from the Listing Date to 31 March 2020, and to consider the qualifications of the retiring Directors standing for election at the forthcoming annual general meeting of the Company.

Risk Management Committee

The Board has established a 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 period from the Listing Date to 31 March 2020, no meeting of the Risk Management Committee was held. On 8 June 2020, the Risk Management Committee held a meeting to 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.

CORPORATE GOVERNANCE FUNCTIONS

For the purpose of performing the corporate governance functions in accordance with code provision D.3 of the CG Code, the Board has adopted written terms of reference in accordance with code provision D.2 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 GEM 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 internal audit review report is submitted to the Audit Committee for review.

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.

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 2020, the Group has engaged an independent professional firm to review the effectiveness of the Group's internal control measures. 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 2020, 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 2020.



CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard Dealings**”). The Company had also made specific enquiry to all Directors and each of them was in compliance with the Code of Conduct and Required Standard Dealings from the Listing Date to 31 March 2020. Further, the Company was not aware of any non-compliance with the Required Standard Dealings regarding securities transactions by the Directors for the said period.

AUDITOR'S REMUNERATION

During the year ended 31 March 2020, apart from the provisions of annual audit services, Deloitte Touche Tohmatsu (“**Deloitte**”), was also the reporting accountant of the Company in relation to the Listing of the Company. During the year ended 31 March 2020, the remuneration paid/payable in respect of audit services and non-audit services provided by Deloitte are set out below:

Services rendered to the Group	Fees paid and payable HK\$'000
Audit services: 2020 annual audit	1,570
Non-audit services:	
— review the interim financial information of the Group for the six months ended 30 September 2019	308
— as reporting accountant in relation to the Listing of the Company	1,880
— other services	30
	3,788

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.

CORPORATE GOVERNANCE REPORT

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements of the Group and ensure that the consolidated financial statements are prepared 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 and prudent 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.

The statement of external auditor of the Company, Deloitte, about their reporting responsibilities on the consolidated financial statements of the Group is set out in the Independent Auditor's Report on pages 59 to 62.

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 aiming at providing the Shareholders and potential investors with ready and timely access to balanced and understandable information of the Company. 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 2020. 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 GEM Listing Rules. Any results of the poll will be published on both the GEM website and the Company's website. All corporate communication with Shareholders will be posted on the Company's website for Shareholders' information.

No general meeting was held during the period from the Listing Date to 31 March 2020.

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.

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 GEM Listing Rules and the poll voting results will be posted on the GEM website 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. 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 requests 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 2020, Mr. Wong has confirmed that he has taken no less than 15 hours of relevant professional training in compliance with Rule 5.15 of the GEM Listing Rules.

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

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 2020.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of security services and facility management services in Hong Kong. The Company is an investment holding company and the principal activities of its subsidiaries are set out in note 33 to the consolidated financial statements. There were no significant changes on the Group’s principal activities during the year ended 31 March 2020.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting is scheduled to be held on Wednesday, 23 September 2020 (the “2020 AGM”). Notice of the 2020 Annual General Meeting 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 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 63 of this report.

The Board recommends the payment of a final dividend of HK2 cents per ordinary share for the year ended 31 March 2020 (31 March 2019: nil) (the “FY2020 Proposed Final Dividend”). The FY2020 Proposed Final Dividend, if approved, shall be payable on Friday, 23 October 2020 and is subject to the approval of the shareholders of the Company at the 2020 AGM. The shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 6 October 2020 will be entitled to the FY2020 Proposed Final Dividend.

During the year ended 31 March 2019, a dividend of HK\$8,000,000 has been declared and paid by the Company’s subsidiaries to the then shareholders before the completion of Reorganisation. Details of the Reorganisation are set out in note 2 to the consolidated financial statements.

CLOSURE OF REGISTER OF MEMBERS

a. For determining the entitlement of the shareholders to attend and vote at the 2020 AGM

The register of members of the Company will be closed from Friday, 18 September 2020 to Wednesday, 23 September 2020 (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 2020 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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 17 September 2020.

DIRECTORS' REPORT

b. For determining the entitlement to the FY2020 Proposed Final Dividend

The register of members of the Company will be closed from Wednesday, 30 September 2020 to Tuesday, 6 October 2020 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the FY2020 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 Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 29 September 2020.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last four financial years, as extracted from the consolidated financial statements, is set out on page 124 of this report in the Annual 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 2020 are set out in note 5 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 2020 are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTION SCHEMES

There was no movement in the Company's share capital during the period from the Listing Date to 31 March 2020.

Details of the Company's share capital and share option schemes are set out in notes 25 and 35 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 2020 are set out in the consolidated statement of changes in equity and in note 32 to the consolidated financial statements, respectively.

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 shareholder of the Company.

DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year ended 31 March 2020 are set out in note 28 to the consolidated financial statements. Those related party transactions which constituted connected transactions/continuing connected transactions under the GEM Listing Rules are set out in the paragraph headed "Continuing Connected Transactions" below. These continuing connected transactions have complied with the requirements under Chapter 20 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Master Services Agreement

For the purpose of the 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 the 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 and is renewable upon expiry subject to the applicable requirements under the GEM Listing Rules unless otherwise terminated by the parties.

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 from 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.

Given that the applicable percentage ratios for the non-exempt continuing connected transactions calculated with reference to Rule 19.07 of the GEM Listing Rules are expected to exceed 25% and the aggregate consideration is expected to exceed HK\$10.0 million, the non-exempt continuing connected transactions will be subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under the GEM Listing Rules.

Pursuant to Rule 20.103 of the GEM Listing Rules, 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, 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.

The security and facility management services paid by Ma Family to the Group under the Master Services Agreement was approximately HK\$20.4 million for the year ended 31 March 2020 (2019: approximately HK\$17.7 million).



DIRECTORS' REPORT

Annual Review of Continuing Connected Transactions

The independent non-executive Directors have reviewed the said continuing connected transactions and consider that the transactions under the Master Services Agreement 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.

The Company has also engaged the auditor of the Company to report on the continuing connected transactions pursuant to Rule 20.54 of the GEM 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.

A copy of the auditor's letter has been provided to the Stock Exchange in accordance with Rule 20.55 of the GEM Listing Rules.

DISTRIBUTABLE RESERVES

As at 31 March 2020, 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\$53.2 million. This includes the Company's share premium in the amount of approximately HK\$80.8 million at 31 March 2020, 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 2020, revenue attributable to the Group's five largest customers accounted for approximately 91.2% (2019: 83.2%) of the Group's total revenue for the year and revenue attributable to the Group's largest customer amounted to approximately 71.5% (2019: 55.1%) of the Group's total revenue.

DIRECTORS' REPORT

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.

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 2020 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 page 6 and pages 7 to 13, 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 2020 was generated from contracts with the Railway Corporation, in particular, the XRL Contracts (contracts relating to Guangshen'gang XRL) and POE (Public Order Event). If the XRL and POE Contracts are not renewed or if the Group cannot maintain its business relationship with Railway Corporation, 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 30 to the consolidated financial statements.

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 can be found in the Environmental, Social and Governance Report set out on pages 46 to 58 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 2020, 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 2020, there were 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 2020 and up to the date of this report were:

Executive Directors

Mr. Ma Ah Muk (*Chairman*)

Mr. Ma Kiu Sang

Mr. Ma Kiu Mo

Mr. Ma Kiu Man, Vince

Mr. Ma Yung King, Leo

Independent Non-executive Directors

Dr. Ng Ka Sing, David

Ms. Chang Wai Ha

Mr. Yau Siu Yeung

The biographical details of the Directors are set out on pages 14 to 18 of this report.

DIRECTORS' 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 2020 AGM, Mr. Ma Ah Muk (Chairman), Mr. Ma Kiu Sang and Mr. Ma Yung King, Leo 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 the GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent pursuant to Rule 5.09 of the GEM Listing Rules.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2020 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 then recommend to the Board, having regard to the Group's operating results, individual performance 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 11 to the consolidated financial statements.

The Group has adopted the Share Option Scheme as an incentive to eligible employees, details of which are set out in note 35 to the consolidated financial statements.

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 respectively 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 offices of the Group.



DIRECTORS' REPORT

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the year ended 31 March 2020 and as at the end of the year ended 31 March 2020 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 28 to the consolidated financial statements, 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 2020.

MANAGEMENT CONTRACTS

During the year ended 31 March 2020, no contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Group's business were entered into or existed.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Group are set out in note 27 to the consolidated financial statements.

DISCLOSURE OF INTEREST

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

As at 31 March 2020, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")), which 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 Rule 5.46 of the GEM Listing Rules were as follows:

DIRECTORS' REPORT

(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 ⁽⁶⁾
Mr. Ma Ah Muk ⁽¹⁾	Interest under section 317 of the SFO ⁽¹⁾	600,000,000	75.0%
Mr. Ma Kiu Sang ("Mr. KS Ma") ^(2 & 3)	Interest in a controlled corporation ⁽³⁾ and under section 317 of the SFO ⁽²⁾	600,000,000	75.0%
Mr. Ma Kiu Mo ("Mr. KM Ma") ^(2 & 4)	Interest in a controlled corporation ⁽⁴⁾ and under section 317 of the SFO ⁽²⁾	600,000,000	75.0%
Mr. Ma Kiu Man, Vince ("Mr. Vince Ma") ^(2 & 5)	Interest in a controlled corporation ⁽⁵⁾ and under section 317 of the SFO ⁽²⁾	600,000,000	75.0%

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

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

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

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

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

Note 6: Based on a total of 800,000,000 issued Shares as at 31 March 2020.



DIRECTORS' REPORT

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

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

Notes:

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

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

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

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

DIRECTORS' REPORT

Save as disclosed above, as at 31 March 2020, none of the Directors or the chief executives of the Company had registered any interests and/or short positions in the shares, underlying shares and debentures of the Company and 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

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

Insofar as is known to the Directors, as at 31 March 2020, the following entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the shares of the Company

Name of Shareholder	Nature of interest/holding capacity	Number of ordinary Shares held	Approximate percentage of issued share capital of the Company ⁽⁸⁾
IWS BVI	Beneficial owner	600,000,000	75.0%
Morewood	Interest in a controlled corporation ⁽¹⁾	600,000,000	75.0%
Mandarin	Interest in a controlled corporation ⁽²⁾	600,000,000	75.0%
Cambridge	Interest in a controlled corporation ⁽³⁾	600,000,000	75.0%
Ms. Cheng Pak Ching	Interest of spouse ⁽⁴⁾	600,000,000	75.0%
Ms. Chow Yick Tung	Interest of spouse ⁽⁵⁾	600,000,000	75.0%
Ms. Choi Lai Form	Interest of spouse ⁽⁶⁾	600,000,000	75.0%
Ms. Ho Yin Nei	Interest of spouse ⁽⁷⁾	600,000,000	75.0%



DIRECTORS' REPORT

Notes:

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

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

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

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

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

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

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

Note 8: Based on a total of 800,000,000 issued Shares as at 31 March 2020.

Save as disclosed above and so far as is known to the Directors, as at 31 March 2020, 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 a share option scheme (the "**Share Option Scheme**") which was approved and adopted by the shareholders of the Company by way of written resolutions passed on 20 September 2019 for a term of ten years from the date of adoption of the Share Option Scheme. 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. The principal terms of the Share Option Scheme are set out in note 35 to the consolidated financial statements.

No share option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption.

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

Since the Listing Date and up to 31 March 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' REPORT

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the paragraphs headed "Disclosure of Interest — (A) Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" and the "Share Option Scheme" in the Directors' Report, at no time during the year ended 31 March 2020 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive or their respective associates 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 of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "CG Code") as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

In the opinion of the Board, the Company has complied with the code provisions in the CG Code throughout the period from the Listing Date to the date of this report.

COMPETING INTERESTS

Since the Listing Date and up to the date of this report, 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 GEM 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 required by the GEM Listing Rules for the period from the Listing Date and up to the date of this report.

SEGMENT INFORMATION

Segment information for the Group is presented as disclosed in note 5 to the consolidated financial statements.



DIRECTORS' REPORT

INTERESTS OF THE COMPLIANCE ADVISER

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

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2020 were audited by Deloitte Touche Tohmatsu, the independent auditor's of the Company, who shall retire and, being eligible offer itself for the re-appointment at the 2020 AGM.

OUTLOOK

The Group's successful listing increases its transparency and has achieved a strong degree of trust, presenting an even better corporate image to both its existing and potential 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 ahead 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 Ah Muk

Chairman

Hong Kong, 8 June 2020

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 for the reporting period from 1 April 2019 to 31 March 2020 (the “**Year**”). 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. This ESG Report focuses on 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. For detailed information of our corporate governance, please refer to the Corporate Governance Report on pages 20 to 31 of this report of the Year.

Reporting Framework

The ESG Report was prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “**ESG Reporting Guide**”) under Appendix 20 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and has complied with the “comply or explain” provisions of the ESG Reporting Guide.

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.

ESG GOVERNANCE

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 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDER ENGAGEMENT

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.

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.

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 Supporting local economic growth Driving local employment Paying taxes in full and on time Ensuring workplace safety 	<ul style="list-style-type: none"> Regular information reporting Regular meetings with regulators Dedicated reports Examinations and inspections
Shareholders	<ul style="list-style-type: none"> Returns Compliant operation Rising company value Transparent information and effective communication 	<ul style="list-style-type: none"> General meetings 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"> Review and appraisal meetings Business communications Exchanges and discussions Engagement and cooperation
Customers	<ul style="list-style-type: none"> High quality services Health and safety Performance of contracts Operational integrity 	<ul style="list-style-type: none"> Customer service centre and hotlines Customer feedback surveys Social media platforms
Industry	<ul style="list-style-type: none"> Establishing industry standards Driving industry development 	<ul style="list-style-type: none"> Participating in industry forums Visits and inspections
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 House journal and intranet 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

Recognising the importance of stakeholders' opinions for its sustainable development, the Group commissioned an independent third-party consultant to assist in collecting internal stakeholders' opinions on ESG during the Year. 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. To reduce exhaust gas emissions and maintain the efficiencies of vehicles, the Group conducts regular maintenance and examination on its vehicles and ensure no idling engines. The major wastewater generated by the Group is domestic sewage, which is directly discharged to the municipal drainage system.

The non-hazardous waste of the Group mainly includes general waste. General wastes are collected and processed by the property management office. The hazardous wastes produced by the Group, such as toner cartridges, are collected and handled safely as far as possible. In order to reduce waste generated, the Group reuses paper, envelopes, folder, file cards and other stationery.

Resources Conservation

The Group employs multiple energy saving initiatives 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 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. 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. The majority of water supply and discharge facilities are provided and managed by property management company. Meanwhile, the Group has put effort to reduce water consumption, such as using faucets with infrared sensors and fixing dripping taps immediately.

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 the use of staircase instead of taking the lift. Employees are educated about the emission reduction measures through e-mail, posters, and internal networks to enhance their environmental responsibility.

In addition, the Group seeks ways 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.

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 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 identification document to prevent employing child labour. 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

As 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. 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 events, such as Christmas party, Chinese new year dinner and listing celebration dinner, so as to recognise employees' hard work, enhance their sense of belonging to the Group and promote work-life balance culture.

Health and Safety

The Group is devoted to providing and maintaining a healthy and safe workplace for its staff 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.

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.

During the Year, there was no fatality and no work-related injuries were reported. 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.

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES

Supply Chain Management

Due to the nature of our business, we do not have any major suppliers. During the Year, our suppliers mainly included suppliers of staff uniforms and vehicle rental providers, which were located in Hong Kong. Our suppliers are selected after obtaining quotations for comparison. The comparison analysis would be recorded with the approval of our management. 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.

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, cleaning services and hotel management 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.

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 employee. 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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. 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 respects intellectual property 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.

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. 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. 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, 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 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KEY PERFORMANCE INDICATORS

The data of KPIs for the Group's office and car parks in Hong Kong are as follows:

Environmental Indicators	2019/20
Exhaust Gases	
Nitrogen oxides (kg)	5.62
Sulphur oxides (kg)	0.11
Particulate matter (kg)	0.41
Greenhouse Gases	
Total greenhouse gas emissions (tonnes CO ₂ e)	42
Greenhouse gas emissions per HKD million revenue (tonnes CO ₂ e/million HKD)	0.09
Scope 1 – Direct emissions (tonnes CO ₂ e)	20
Scope 2 – Energy indirect emissions (tonnes CO ₂ e)	13
Scope 3 – Other indirect emissions (tonnes CO ₂ e)	9
Wastes	
Total hazardous waste produced (kg)	9
Hazardous waste produced per HKD million revenue (kg/million HKD)	0.02
Total non-hazardous waste produced (kg)	3,478
Non-hazardous waste produced per HKD million revenue (kg/million HKD)	7.22
Use of Resources	
Total energy consumption (MWh)	96
Energy consumption per HKD million revenue (MWh/million HKD)	0.20
Gasoline (MWh)	71
Purchased electricity (MWh)	25

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	48
	Information on:	Emissions	48
	(a) the policies; and	Green Operation	49
	(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	48
	Policies on the efficient use of resources, including energy, water and other raw materials.	Resources Conservation	48
Aspect A3: The Environment and Natural Resources	General Disclosure	Environmental Protection	48
	Policies on minimising the issuer's significant impact on the environment and natural resources.	Resources Conservation	48
		Green Operation	49

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Summary	Sections	Page
Social			
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure	Employment and Labour Practices	49
	Information on:	Employment Guidelines	49
	(a) the policies; and	Salary and Benefits	50
	(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	49
	Information on:	Health and Safety	50
	(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	49
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	51



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Summary	Sections	Page
Aspect B4: Labour Standards	General Disclosure	Employment and Labour Practices	49
	Information on:	Employment Guidelines	49
	(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	52
	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	52
Aspect B6: Product Responsibility	General Disclosure	Operating Practices	52
	Information on:	Service Quality	52
	(a) the policies; and	Quality Customer Services	52
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	Privacy Protection	53
	relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Protecting Intellectual Property	53

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Summary	Sections	Page
Aspect B7: Anti-corruption	General Disclosure	Operating Practices	52
	Information on:	Anti-corruption	53
	(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	53
	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 63 to 123, which comprise the consolidated statement of financial position as at 31 March 2020, 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 a summary of significant accounting policies.

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 2020, 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 ("HSAs") 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.

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.

INDEPENDENT AUDITOR'S REPORT

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 increased transaction volume recorded for provision of security services during the current year.</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 as well as crowd coordination and management services for large-scale events and emergency and critical incidents in Hong Kong. As disclosed in note 5 to the consolidated financial statements, the revenue recognised from provision of security services was HK\$452,159,000 for the year ended 31 March 2020, 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, sales invoices and attendance records; • 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 analysis of revenue by month to identify significant fluctuations and evaluating the reasonableness of management explanation against our knowledge of the market.

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.

INDEPENDENT AUDITOR'S REPORT

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 HKSAs 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.

As part of an audit in accordance with HKSAs, 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.

INDEPENDENT AUDITOR'S REPORT

- 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, related safeguards.

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 Mak Chun Bon.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

8 June 2020



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	NOTES	2020 HK\$'000	2019 HK\$'000
Revenue	5	481,571	295,171
Other income	6	508	347
Other gains and losses, net	6	1,212	(2)
Impairment losses on trade receivables and uncertified revenue	7	(833)	(250)
Employee benefit expenses		(388,463)	(252,127)
Selling and marketing expenses		(2,142)	(2,507)
Administrative expenses		(14,144)	(8,418)
Listing expenses		(15,525)	(8,515)
Finance costs	8	(2,066)	(822)
Profit before taxation		60,118	22,877
Income tax expense	9	(13,030)	(5,128)
Profit and total comprehensive income for the year	10	47,088	17,749
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		47,088	17,751
Non-controlling interests		—*	(2)
		47,088	17,749
Earnings per share			
Basic (<i>HK cents</i>)	13	6.84	2.96
Diluted (<i>HK cents</i>)	13	6.84	N/A

* Less than HK\$1,000

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	NOTES	2020 HK\$'000	2019 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	1,527	2,006
Right-of-use assets	15	452	–
Finance lease receivables	16	1,308	–
Deposits	17	6,759	1,643
Deferred tax asset	18	46	46
		10,092	3,695
CURRENT ASSETS			
Trade and other receivables and deposits	17	120,004	123,923
Finance lease receivables	16	673	–
Amount due from a non-controlling shareholder of a subsidiary	19	2	–
Amounts due from related companies	19	112	960
Tax recoverable		401	–
Bank balances and cash	20	78,874	27,096
		200,066	151,979
CURRENT LIABILITIES			
Other payables and accrued expenses	21	35,193	35,327
Amount due to a non-controlling shareholder of a subsidiary	22	–	7,198
Amount due to a related company	22	94	106
Lease liabilities	23	712	–
Bank borrowings	24	12,000	57,000
Tax payable		9,532	5,215
		57,531	104,846
NET CURRENT ASSETS		142,535	47,133
TOTAL ASSETS LESS CURRENT LIABILITIES		152,627	50,828
NON-CURRENT LIABILITIES			
Lease liabilities	23	528	–
Other liabilities	21	123	–
		651	–
NET ASSETS		151,976	50,828
CAPITAL AND RESERVES			
Share capital	25	8,000	–*
Reserves		143,976	50,828
TOTAL EQUITY		151,976	50,828

* Less than HK\$1,000

The consolidated financial statements on pages 63 to 123 were approved for issue by the Board of Directors on 8 June 2020 and are signed on its behalf by:

Ma Ah Muk
DIRECTOR

Ma Kiu Sang
DIRECTOR



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Retained earnings	Subtotal		
	(Note 25) HK\$'000	HK\$'000	(note i) HK\$'000	HK\$'000	HK\$'000		
At 1 April 2018	3,030	–	–	38,047	41,077	–	41,077
Capital contributions from a non-controlling shareholder of a subsidiary	–	–	–	–	–	2	2
Profit (loss) and total comprehensive income (expenses) for the year	–	–	–	17,751	17,751	(2)	17,749
Dividend (Note 12)	–	–	–	(8,000)	(8,000)	–	(8,000)
Effect of Reorganisation (as defined in Note 2)	(3,030)	34,744	(31,714)	–	–	–	–
At 31 March 2019	–*	34,744	(31,714)	47,798	50,828	–	50,828
Profit and total comprehensive income for the year	–	–	–	47,088	47,088	–*	47,088
Issue of new shares	2,000	62,000	–	–	64,000	–	64,000
Transaction costs attributable to issue of new shares	–	(9,940)	–	–	(9,940)	–	(9,940)
Capitalisation issue (note ii)	6,000	(6,000)	–	–	–	–	–
At 31 March 2020	8,000	80,804	(31,714)	94,886	151,976	–*	151,976

* Less than HK\$1,000

Notes:

- (i) Merger reserve represents the difference between the amount of share capital and share premium of the Company issued, and the combined share capital of International Wing Shing Security Management Limited ("IWS Security"), International Wing Shing Property Management Limited ("IWS PM"), IWS Cleaning Services Limited ("IWS Cleaning") and IWS Carpark Management Limited ("IWS Carpark") exchanged in connection with the group reorganisation.
- (ii) Pursuant to the written resolution passed by the shareholders on 20 September 2019, the amount of HK\$5,999,999.99 standing to the credit of the share premium account of the Company was capitalised by paying up in full at par of 599,999,999 shares of the Company for allotment and issue to the persons whose name appeared on register of members of the Company at the close of business on 20 September 2019.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	2020 HK\$'000	2019 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	60,118	22,877
Adjustments for:		
Depreciation of property, plant and equipment	714	689
Depreciation of right-of-use assets	1,678	–
Impairment losses on trade receivables and uncertified revenue	833	250
Loss on write-off/disposal of property, plant and equipment	20	2
Gain on sub-leasing of car parks	(1,232)	–
Bank interest income	(168)	(7)
Finance costs	2,066	822
Operating cash flows before movements in working capital	64,029	24,633
Increase in trade and other receivables and deposits	(13,158)	(81,500)
Decrease in finance lease receivables	54	–
Increase in other payables and accrued expenses	1,231	20,863
Increase in other liabilities	123	–
Cash generated from (used in) operations	52,279	(36,004)
Hong Kong Profits Tax paid	(9,114)	(1,069)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	43,165	(37,073)
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	1	3
Purchase of property, plant and equipment	(256)	(836)
Interest received	168	7
Advance to related companies	(5,562)	(7,901)
Repayment from related companies	6,410	7,153
NET CASH FROM (USED IN) INVESTING ACTIVITIES	761	(1,574)
FINANCING ACTIVITIES		
Advance from related companies/parties	20,194	999
Repayment to related companies/parties	(20,206)	(2,626)
New bank borrowings raised	126,000	67,000
Repayment of bank borrowings	(171,000)	(10,000)
Repayment of lease liabilities	(1,693)	–
Interest paid	(2,068)	(796)
Proceeds from issuance of shares	64,000	–
Transaction costs attributable to issue of shares	(7,375)	(1,554)
Dividend paid	–	(6,373)
NET CASH FROM FINANCING ACTIVITIES	7,852	46,650
NET INCREASE IN CASH AND CASH EQUIVALENTS	51,778	8,003
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	27,096	19,093
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	78,874	27,096



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2020

1. GENERAL

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

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

The functional currency of the Company is Hong Kong dollar ("HK\$"), which is the same as the presentation currency of the consolidated financial statements.

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In preparation of the Listing, the companies comprising the Group underwent a group reorganisation (the "Reorganisation"). Prior to the Reorganisation, International Wing Shing Security Management Limited ("IWS Security"), International Wing Shing Property Management Limited ("IWS PM"), IWS Cleaning Services Limited ("IWS Cleaning") and IWS Carpark Management Limited ("IWS Carpark") were owned and controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.

The Reorganisation comprised the following steps:

- (i) On 18 May 2018, IWS Security Management Holdings Limited ("IWS Security BVI"), IWS Property Management Holdings Limited ("IWS PM BVI"), IWS Cleaning Services Holdings Limited ("IWS Cleaning BVI") and IWS Carpark Management Holdings Limited ("IWS Carpark BVI") (collectively as the "BVI companies") were incorporated in the BVI with limited liability. On incorporation, each of the BVI companies has an authorised share capital of HK\$50,000 divided into 50,000 shares with a par value of HK\$1 each, of which one share was allotted and issued, credited as fully paid to the Company on the same date at par value. Accordingly, each of the BVI companies became a wholly owned subsidiary of the Company.
- (ii) On 25 May 2018, IWS Security BVI entered into a share sale and purchase agreement with Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, pursuant to which Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma transferred a total of 3,000,000 shares each in IWS Security, aggregate of which represents the entire issued share capital of IWS Security, to IWS Security BVI in consideration of IWS Security BVI to allot and issue one share in its issued share capital to the Company and credited as fully paid at par at the direction of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

2. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- (iii) On 25 May 2018, IWS PM BVI entered into a share sale and purchase agreement with Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, pursuant to which Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma transferred a total of 10,000 shares each in IWS PM, aggregate of which represents the entire issued share capital of IWS PM, to IWS PM BVI in consideration of IWS PM BVI to allot and issue one share in its issued share capital to the Company and credited as fully paid at par at the direction of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.
- (iv) On 25 May 2018, IWS Cleaning BVI entered into a share sale and purchase agreement with Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, pursuant to which Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma transferred a total of 10,000 shares each in IWS Cleaning, aggregate of which represents the entire issued share capital of IWS Cleaning, to IWS Cleaning BVI in consideration of IWS Cleaning BVI to allot and issue one share in its issued share capital to the Company and credited as fully paid at par at the direction of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.
- (v) On 25 May 2018, IWS Carpark BVI entered into a share sale and purchase agreement with Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, pursuant to which Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma transferred a total of 10,000 shares each in IWS Carpark, aggregate of which represents the entire issued share capital of IWS Carpark, to IWS Carpark BVI in consideration of IWS Carpark BVI to allot and issue one share in its issued share capital to the Company and credited as fully paid at par at the direction of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.

Pursuant to the Reorganisation detailed above, the Company became the holding company of the companies now comprising the Group on 25 May 2018. The Company and its subsidiaries have been under the common control of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma throughout the year ended 31 March 2019 or since their respective dates of incorporation, where this is a shorter period. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the consolidated financial statement for the year ended 31 March 2019 have been prepared under the principles of merger accounting in accordance with the Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

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 ended 31 March 2019 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the year ended 31 March 2019, or since their respective dates of incorporation, where this is a shorter period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

3. 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

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) — Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 — 2017 Cycle

Except as described below, the application of the other new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 “Leases” (“HKAS 17”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) — Int 4 “Determining whether an Arrangement contains a Lease” and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

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

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

HKFRS 16 “Leases” (Continued)

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” as an alternative of impairment review; and
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

HKFRS 16 "Leases" (Continued)

As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.0%.

	Note	At 1 April 2019 HK\$'000
Operating lease commitments disclosed as at 31 March 2019	26(b)	2,272
Lease liabilities discounted at relevant incremental borrowing rates and as at 1 April 2019		2,217
Analysed as		
Current		1,734
Non-current		483
		2,217

The carrying amount of right-of-use assets as at 1 April 2019 comprises the following:

	Right-of-use assets HK\$'000
Right-of-use assets relating to operating leases of office premises and car parks recognised upon application of HKFRS 16	2,217
By class:	
Office premises	1,087
Car parks	1,130
	2,217

Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied under other receivables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. However, the adjustment on discounting effect is insignificant to be recognised at the date of initial application, 1 April 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

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

HKFRS 16 "Leases" (Continued)

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Before application of HKFRS 16, refundable rental deposits received were considered as obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and should be adjusted to reflect the discounting effect at transition. However, the adjustment on discounting effect is insignificant to be recognised at the date of initial application, 1 April 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Carrying amounts under HKFRS 16 at 1 April 2019 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Right-of-use assets	–	2,217	2,217
CURRENT LIABILITIES			
Lease liabilities	–	1,734	1,734
NON-CURRENT LIABILITIES			
Lease liabilities	–	483	483

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 March 2020, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 April 2019 as disclosed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts ¹
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴
Amendments to HKFRS 16	COVID-19-Related Rent Concessions ⁵

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2020.

⁵ Effective for annual periods beginning on or after 1 June 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, “the Amendments to References to the Conceptual Framework in HKFRS Standards”, will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of “obscuring” material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from “could influence” to “could reasonably be expected to influence”; and
- include the use of the phrase “primary users” rather than simply referring to “users” which was considered too broad when deciding what information to disclose in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 1 and HKAS 8 “Definition of Material” (Continued)

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 April 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Conceptual Framework for Financial Reporting 2018 (the “New Framework”) and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for the Group’s annual period beginning on or after 1 April 2020. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES

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 GEM of the Stock Exchange (the "GEM Listing Rules") and the Hong Kong Companies Ordinance.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 April 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The principal accounting policies adopted are as follows:

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.

The Group reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the consolidated entities in which the common control combination occurs as if they had been consolidated from the date when the consolidated entities first came under the control of the controlling party.

The net assets of the consolidated entities are consolidated using the existing carrying values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income include the results of each of the consolidated entities from the earliest date presented or since the date when the consolidated entities first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Revenue relating to provision of general manned guarding services, event and crisis security services, manpower support services, property management services, car park management services, cleaning services and hotel management 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. 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 2020

4. SIGNIFICANT ACCOUNTING POLICIES (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.

The Group's accounting policy for recognition of revenue from operating leases of car parks is described in the accounting policy for leasing below.

Leases

Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 3)

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.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 3)

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 3) (Continued)

Short-term leases

The Group applies the short-term lease recognition exemption to leases of motor vehicles 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 asset 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. The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 “Financial Instruments” (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 3) (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability 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.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as lessee (prior to 1 April 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which is derived from the Group's ordinary courses of business are presented as revenue.

The Group as lessor (upon application of HKFRS 16 in accordance with transitions in note 3)

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the “MPF Scheme”) are charged as an expense when employees have rendered service entitling them to the contributions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment on property, plant and equipment and right-of-use assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income which is derived from the Group's ordinary course of business is presented as revenue.

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.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group recognises a loss allowance for expected credit loss (“ECL”) on financial assets and other item which are subject to impairment under HKFRS 9 (including trade receivables, deposits and other receivables, finance lease receivables, amounts due from a non-controlling shareholder of a subsidiary 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.

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. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

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, 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.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a trade receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or when the amounts are over one year past due without subsequent settlement, whichever occurs sooner. Trade receivables written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

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 adjusted by 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.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

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.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity 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 Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including other payables, other liabilities, amounts due to a related company and a non-controlling shareholder of a subsidiary and bank borrowings) 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 assets 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 financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have 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 2020

5. REVENUE AND SEGMENT INFORMATION

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

	2020 HK\$'000	2019 HK\$'000
Types of services		
Provision of:		
General manned guarding services	344,726	161,855
Event and crisis security services	698	385
Manpower support services	106,735	105,216
Property management services	18,479	12,958
Car park management services	8,499	10,101
Cleaning services	1,997	1,757
Hotel management services	–	2,160
Rental of car parks	431	739
Interest income from sub-leasing of car parks	6	–
Total	481,571	295,171
Timing of revenue under HKFRS 15		
— Over time	481,134	294,432
Rental income	431	739
Interest income	6	–
Total	481,571	295,171

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

5. 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 2020				
Revenue				
External revenue	452,159	29,412	–	481,571
Inter-segment revenue	16,556	7,584	(24,140)	–
	468,715	36,996	(24,140)	481,571
Segment results	108,046	13,696	–	121,742
Other income and loss				488
Impairment losses on trade receivables and uncertified revenue				(833)
Other corporate expenses				(43,688)
Listing expenses				(15,525)
Finance costs				(2,066)
Profit before taxation				60,118
Year ended 31 March 2019				
Revenue				
External revenue	267,456	27,715	–	295,171
Inter-segment revenue	12,825	6,733	(19,558)	–
	280,281	34,448	(19,558)	295,171
Segment results	41,310	10,717	–	52,027
Other income and loss				345
Impairment losses on trade receivables and uncertified revenue				(250)
Other corporate expenses				(19,908)
Listing expenses				(8,515)
Finance costs				(822)
Profit before taxation				22,877



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

Inter-segment sales are charged at prevailing market rates.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. Segment results represent profits earned from each segment without allocation of other income, other loss, impairment losses on trade receivables and uncertified revenue, other corporate expenses, listing expenses and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

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 2020				
Provision of:				
General manned guarding services	344,726	–	–	344,726
Event and crisis security services	698	–	–	698
Manpower support services	106,735	–	–	106,735
Property management services	–	18,479	–	18,479
Car park management services	–	8,499	–	8,499
Cleaning services	–	1,997	–	1,997
Sub-total	452,159	28,975	–	481,134
Rental of car parks	–	431	–	431
Interest income from sub-leasing of car parks	–	6	–	6
Consolidated revenue	452,159	29,412	–	481,571
Inter-segment revenue	16,556	7,584	(24,140)	–
Total	468,715	36,996	(24,140)	481,571

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

5. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

	Security services HK\$'000	Facility management services HK\$'000	Elimination HK\$'000	Total HK\$'000
Year ended 31 March 2019				
Provision of:				
General manned guarding services	161,855	–	–	161,855
Event and crisis security services	385	–	–	385
Manpower support services	105,216	–	–	105,216
Property management services	–	12,958	–	12,958
Car park management services	–	10,101	–	10,101
Cleaning services	–	1,757	–	1,757
Hotel management services	–	2,160	–	2,160
Sub-total	267,456	26,976	–	294,432
Rental of car parks	–	739	–	739
Consolidated revenue	267,456	27,715	–	295,171
Inter-segment revenue	12,825	6,733	(19,558)	–
Total	280,281	34,448	(19,558)	295,171

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.

Other segment information

	Security services HK\$'000	Facility management services HK\$'000	Total HK\$'000
Year ended 31 March 2020			
Amount included in the measure of segment results:			
Staff costs	344,113	17,427	361,540
Year ended 31 March 2019			
Amount included in the measure of segment results:			
Staff costs	226,146	16,998	243,144



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

5. REVENUE AND SEGMENT INFORMATION (Continued)

Geographical information

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

	2020 HK\$'000	2019 HK\$'000
Customer A ¹	344,452	162,563
Customer B ²	80,693	74,814

¹ Revenue from security services segment and facility management services segment.

² Revenue from security services segment.

6. OTHER INCOME/OTHER GAINS AND LOSSES, NET

Other income

	2020 HK\$'000	2019 HK\$'000
Bank interest income	168	7
Others	340	340
	508	347

Other gains and losses, net

	2020 HK\$'000	2019 HK\$'000
Loss on write-off/disposal of property, plant and equipment	(20)	(2)
Gain on sub-leasing of car parks	1,232	–
	1,212	(2)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

7. IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND UNCERTIFIED REVENUE

	2020 HK\$'000	2019 HK\$'000
Impairment losses recognised (reversed) on:		
— trade receivables	347	191
— uncertified revenue	(7)	59
	340	250
Write off of trade receivables	493	—
	833	250

8. FINANCE COSTS

	2020 HK\$'000	2019 HK\$'000
Interest on bank borrowings	2,008	822
Interest on lease liabilities	58	—
	2,066	822

9. INCOME TAX EXPENSE

	2020 HK\$'000	2019 HK\$'000
Current tax:		
Hong Kong Profits Tax		
— Current year	12,914	5,130
— Underprovision in prior years	116	—
Deferred tax (Note 18):		
Current year	—	(2)
	13,030	5,128

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

For the year ended 31 March 2020, Hong Kong Profits Tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits of one of the subsidiaries of the Company elected for two-tiered tax rates and at 16.5% on the estimated assessable profits above HK\$2 million of that subsidiary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

9. INCOME TAX EXPENSE (Continued)

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements for the year ended 31 March 2019. Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profit for the year ended 31 March 2019.

The Group's subsidiaries operating in Hong Kong are eligible for certain tax concessions. The maximum tax concessions eligible for each subsidiary is HK\$20,000 (2019: HK\$20,000) for the year ended 31 March 2020.

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

	2020 HK\$'000	2019 HK\$'000
Profit before taxation	60,118	22,877
Tax at Hong Kong Profits Tax rate of 16.5%	9,919	3,775
Tax effect of expenses not deductible for tax purposes	3,248	1,440
Tax effect of income not taxable for tax purpose	(43)	(7)
Underprovision in prior years	116	–
Tax concessions	(80)	(80)
Tax effect on two-tiered tax rate	(165)	–
Other	35	–
Income tax expense for the year	13,030	5,128

10. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

	2020 HK\$'000	2019 HK\$'000
Profit and total comprehensive income for the year has been arrived at after charging:		
Directors' and chief executive's emoluments (Note 11)	15,435	1,006
Other staff salaries, wages and allowances and bonuses	362,444	241,781
Retirement benefit scheme contributions, excluding those for directors and chief executive	10,584	9,340
Total employee benefits expenses	388,463	252,127
Auditor's remuneration	1,570	200
Depreciation of property, plant and equipment	714	689
Depreciation of right-of-use assets	1,678	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

11. 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 Rules governing the Listing of Securities on GEM of the Stock Exchange and the Companies Ordinance, are as follows:

	Directors' fee HK\$'000	Salaries and other allowances HK\$'000	Performance- based bonus HK\$'000 (note i)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2020					
Executive directors:					
Mr. Ma Ah Muk	120	-	-	-	120
Mr. KS Ma	120	-	-	6	126
Mr. KM Ma	120	-	-	6	126
Mr. Vince Ma	120	-	-	6	126
Mr. Ma Yung King, Leo	120	-	200	6	326
Chief executive:					
Mr. Choi Ming Fai, Andy	-	1,186	13,167	18	14,371
Independent non-executive directors:					
Ms. Chang Wai Ha (note ii)	60	-	-	-	60
Dr. Ng Ka Sing, David (note ii)	120	-	-	-	120
Mr. Yau Siu Yeung (note ii)	60	-	-	-	60
	840	1,186	13,367	42	15,435



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

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

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

	Directors' fee HK\$'000	Salaries and other allowances HK\$'000	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2019				
Executive directors:				
Mr. Ma Ah Muk	-	-	-	-
Mr. KS Ma	-	-	-	-
Mr. KM Ma	-	-	-	-
Mr. Vince Ma	-	-	-	-
Mr. Ma Yung King, Leo	-	-	-	-
Chief executive:				
Mr. Choi Ming Fai, Andy	-	988	18	1,006
	-	988	18	1,006

Notes:

- (i) The bonus is determined with reference to the Group's financial performance or duties and responsibilities of the relevant employee within the Group.
- (ii) All the independent non-executive directors were appointed on 20 September 2019.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

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

(b) Employees' emoluments

The five highest paid employees of the Group include the chief executive (2019: chief executive) of the Company for the year ended 31 March 2020 whose emoluments are included in the disclosures in note 11(a). The emoluments of the remaining 4 (2019: 4) non-director employees for the year ended 31 March 2020 are as follows:

	2020 HK\$'000	2019 HK\$'000
Salaries and other allowances	2,575	2,715
Performance-based bonus	1,824	–
Retirement benefit scheme contributions	71	69
	4,470	2,784

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

	Number of employees	
	2020	2019
Emolument bands		
Nil to HK\$1,000,000	3	3
HK\$1,000,001 to HK\$1,500,000	–	1
HK\$2,000,001 to HK\$2,500,000	1	–
	4	4

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 2020

12. DIVIDEND

No dividend has been declared or paid by the Company since its incorporation to 31 March 2020. The dividend declared and paid by the Company's subsidiaries to the then shareholders during the year ended 31 March 2019 before the completion of Reorganisation was HK\$8,000,000. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful.

A final dividend for the year ended 31 March 2020 of HK2 cents per ordinary share, totaling HK\$16,000,000 based on 800,000,000 ordinary shares has been proposed by the board of directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting.

13. EARNINGS PER SHARE

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

	2020 HK\$'000	2019 HK\$'000
Profit for the year attributable to owners of the Company and earnings for the purpose of basic earnings per share	47,088	17,751

	Number of shares 2020	2019
Weighted average number of ordinary shares for the purpose of basic earnings per share	688,524,590	600,000,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the reorganisation and the capitalisation issue (details as disclosed in note 25) had been effective on 1 April 2018.

The calculation of diluted earnings per share for the current year does not assume the exercise of the offer size adjustment option granted and lapsed before the Listing. No diluted earnings per share for the year ended 31 March 2019 were presented as there were no potential ordinary shares in issue for the year ended 31 March 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

14. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and equipment <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Total <i>HK\$'000</i>
COST				
At 1 April 2018	1,561	1,329	225	3,115
Additions	811	–	25	836
Disposal	–	–	(38)	(38)
At 31 March 2019	2,372	1,329	212	3,913
Additions	195	–	61	256
Disposal	–	–	(25)	(25)
At 31 March 2020	2,567	1,329	248	4,144
DEPRECIATION				
At 1 April 2018	885	198	168	1,251
Provided for the year	368	266	55	689
Disposal	–	–	(33)	(33)
At 31 March 2019	1,253	464	190	1,907
Provided for the year	433	266	15	714
Disposal	–	–	(4)	(4)
At 31 March 2020	1,686	730	201	2,617
CARRYING VALUES				
At 31 March 2020	881	599	47	1,527
At 31 March 2019	1,119	865	22	2,006

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 2020

15. RIGHT-OF-USE ASSETS

	Car parks HK\$'000	Office premises HK\$'000	Total HK\$'000
At 1 April 2019			
Carrying amount	1,130	1,087	2,217
At 31 March 2020			
Carrying amount	170	282	452
For the year ended 31 March 2020			
Depreciation charge	894	784	1,678
Expense relating to short-term leases			1,778
Total cash outflow for leases			3,529

For both years, the Group leases car parks and offices 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. 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.

In addition, the Group regularly entered into short-term leases for motor vehicles. At 31 March 2020, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense incurred during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

16. FINANCE LEASE RECEIVABLES

During the year, the Group entered into finance lease arrangement as a lessor for sub-leasing car parks leased from a related party. The related right-of-use assets are derecognised and a gain on sub-leasing of car parks amounting to HK\$1,232,000 is recognised in profit or loss and presented under other gains and losses (note 6). The term of finance lease entered into is 3 years.

	Minimum lease payments <i>HK\$'000</i>	Present value of minimum lease payments <i>HK\$'000</i>
Finance lease receivables comprise:		
Within one year	739	673
In more than one year but not more than two years	739	701
In more than two years but not more than three years	616	607
	2,094	1,981
Less: unearned finance income	(113)	N/A
Present value of minimum lease payment receivables	1,981	1,981
Analysed for reporting purpose as:		
Current assets		673
Non-current assets		1,308
		1,981

At 31 March 2020, the Group received deposit of HK\$123,000 from the customer under finance lease and recognised as other liabilities under non-current liabilities.

There has been no significant increase in credit risk of the lessee since initial recognition, and accordingly 12-month ECL ("12m ECL") is recognised. The amount is insignificant and therefore no loss allowance is recognised.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

17. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	Notes	2020 HK\$'000	2019 HK\$'000
Trade receivables	(a)		
— Third parties		55,665	47,726
— Related parties		4,644	2,155
		60,309	49,881
Less: Loss allowance		(807)	(460)
		59,502	49,421
Uncertified revenue	(b)	47,488	57,680
Less: Loss allowance		(52)	(59)
		47,436	57,621
Deposits			
— Third parties		7,626	10,411
— Related parties		280	280
		7,906	10,691
Other receivables and prepayments		5,160	1,902
Prepayments for listing expenses and issue costs		—	360
Deferred issue costs		—	3,928
Total trade and other receivables and deposits (shown under current assets)		120,004	123,923
Non-current deposits			
— Third parties		6,759	1,643
		6,759	1,643

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

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

(a) Trade receivables

At 1 April 2018, trade receivables from contracts with customers amounted to HK\$27,306,000.

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

	2020 HK\$'000	2019 HK\$'000
0–30 days	38,250	40,698
31–60 days	7,582	1,586
61–90 days	4,171	1,089
91–120 days	2,639	1,471
Over 120 days	6,860	4,577
	59,502	49,421

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

17. TRADE AND OTHER RECEIVABLES AND DEPOSITS (Continued)

(a) Trade receivables (Continued)

Before accepting any new customer, the Group assesses the potential customer's credit quality and 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.

As at 31 March 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$21,252,000 (2019: HK\$8,723,000) which are past due as at the reporting date. Out of the past due balances, HK\$6,860,000 (2019: HK\$4,577,000) 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) 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, 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. Based on assessment by the management of the Group, the ECL on trade receivables for related parties is not material.

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 as at 31 March 2020 with gross carrying amount amounted to HK\$46,479,000 (2019: HK\$34,829,000) are assessed individually. The rest of debtors are grouped under a provision matrix 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.

The estimated loss rates, being 0.11% (2019: 0.10%) for low risk, 2.10% (2019: 3.34%) for medium risk and 21.02% (2019: 18.84%) for high risk, with gross carrying amount of HK\$1,713,000 (2019: HK\$4,102,000), HK\$4,808,000 (2019: HK\$7,826,000) and HK\$2,665,000 (2019: HK\$969,000) 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 information (for example, the current and forecasted economic 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 during the year ended 31 March 2020.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

17. TRADE AND OTHER RECEIVABLES AND DEPOSITS (Continued)

(a) Trade receivables (Continued)

The movement in the allowance for impairment in respect of trade receivables is as follows:

	Trade receivables not credit -impaired HK\$'000
At 1 April 2018	269
Changes due to trade receivables recognised as at 1 April 2018	
— Impairment losses reversed	(269)
Trade receivables newly originated	460
At 31 March 2019	460
Changes due to trade receivables recognised as at 1 April 2019	
— Impairment losses reversed	(460)
Trade receivables newly originated	807
At 31 March 2020	807

There is no transfer between the impairment loss allowance made under credit-impaired trade receivables and trade receivables not credit-impaired during the current year.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over one year past due, whichever occurs earlier. The Group has taken legal action against the debtor to recover the amount due of HK\$493,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

17. TRADE AND OTHER RECEIVABLES AND DEPOSITS (Continued)

(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 2018, there was no uncertified revenue from contracts with customer.

The uncertified revenue with gross carrying amount of HK\$47,488,000 (2019: HK\$57,680,000) as at 31 March 2020 are assessed individually. Based on assessment by the management of the Group, reversal of impairment loss of HK\$7,000 (2019: impairment loss of HK\$59,000) has been recognised during the year ended 31 March 2020.

The movement in the allowance for impairment in respect of uncertified revenue is as follows:

	Uncertified revenue not credit-impaired <i>HK\$'000</i>
At 1 April 2018	–
Uncertified revenue newly originated	59
At 31 March 2019	59
Changes due to uncertified revenue recognised as at 1 April 2019	
— Impairment losses reversed	(59)
Uncertified revenue newly originated	52
At 31 March 2020	52

18. DEFERRED TAX ASSET

Deferred tax asset is recognised on loss allowance of trade receivables and uncertified revenue and movements thereon during the year is disclosed as below.

	Loss allowance of trade receivables and uncertified revenue <i>HK\$'000</i>
At 1 April 2018	44
Credit to profit or loss (Note 9)	2
At 31 March 2019 and 2020	46



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

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

The amount due from a non-controlling shareholder of a subsidiary of the Company is 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	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Yan Yan Motors Limited	112	960	1,346	2,288
Deluxe Tower Limited	–	–	–	121
IWS BVI	–*	–*	–*	–*
	112	960		

* Less than HK\$1,000

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

20. BANK BALANCES AND CASH

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 a prevailing market rates of 0.01% (2019: 0.01%) per annum at 31 March 2020.

21. OTHER PAYABLES AND ACCRUED EXPENSES/OTHER LIABILITIES

	2020 HK\$'000	2019 HK\$'000
Other payables and accrued expenses — current		
Other payables and accrued expenses	3,300	2,514
Accrued listing expense and issue costs	–	5,452
Accrued staff costs	31,893	27,361
	35,193	35,327
Other liabilities — non-current		
Deposit received from customer under finance lease (note 16)	123	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

22. AMOUNTS DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY/ RELATED COMPANY

	2020 HK\$'000	2019 HK\$'000
Amount due to a non-controlling shareholder of a subsidiary:		
Oblivian Limited	–	7,198
Amount due to a related company:		
Deluxe Tower Limited	94	106

All the amounts due to a related company and a non-controlling shareholder of a subsidiary are non-trade nature, unsecured, interest-free and repayable on demand.

23. LEASE LIABILITIES

	2020 HK\$'000
Lease liabilities payable:	
Within one year	712
Within a period of more than one year but not more than two years	248
Within a period of more than two years but not more than five years	280
	1,240
Less: Amount due for settlement with 12 months shown under current liabilities	(712)
Amount due for settlement after 12 months shown under non-current liabilities	528

24. BANK BORROWINGS

The Group's bank borrowings, which are unsecured, are repayable within one year and contain a repayment on demand clause.

At 31 March 2020, bank borrowings carried variable interest rate at one month Hong Kong Interbank Offered Rate plus 1.75% (2019: 1.75%). The range of effective interest rates on the Group's borrowings was ranged from 2.82% to 4.74% (2019: 2.63% to 3.94%) per annum.

At 31 March 2019, the Group's bank borrowings were guaranteed by Mr. Ma Ah Muk and Mr. KS Ma. Such personal guarantee has been released during the year ended 31 March 2020.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

25. SHARE CAPITAL

The issued share capital as at 1 April 2018 represented the combined share capital of IWS PM, IWS Security, IWS Carpark and IWS Cleaning.

The share capital of the Group as at 31 March 2019 represented the issued share capital of the Company following the completion of Reorganisation on 25 May 2018 as detailed in Note 2.

Details of the share capital of the Company are disclosed as follows:

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2018 and 31 March 2019	38,000,000	380
On 20 September 2019 (<i>note i</i>)	1,962,000,000	19,620
At 31 March 2020	2,000,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2018 and 31 March 2019	1	—*
Capitalisation issue on 22 October 2019 (<i>note i</i>)	599,999,999	6,000
Issue of shares on 22 October 2019 (<i>note ii</i>)	200,000,000	2,000
At 31 March 2020	800,000,000	8,000

* Less than HK\$1,000

Notes:

- (i) On 20 September 2019, the shareholders of the Company passed a written resolution to increase the authorised share capital of the Company to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares of the Company. On 22 October 2019, 599,999,999 shares of the Company were issued through capitalisation of approximately HK\$5,999,999.99 standing to the credit of share premium account of the Company.
- (ii) The shares of the Company have been listed on GEM of the Stock Exchange by way of share offer on 22 October 2019. 200,000,000 shares of the Company of HK\$0.01 each were issued at a placing price of HK\$0.32 per share.

The new shares rank pari passu with the existing shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

26. OPERATING LEASE COMMITMENTS

(a) The Group as lessor

At 31 March 2019, the Group had contracted with a tenant in respect of car parks for the following future minimum lease payments amounting to HK\$677,000 under a non-cancellable operating lease with a three year lease term, which fall due within one year.

(b) The Group as lessee

The operating lease rentals in respect of office premises and car parks for the year ended 31 March 2019 was HK\$1,764,000.

At 31 March 2019, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2019 HK\$'000
Within one year	1,767
In the second to fifth year inclusive	505
	2,272

Operating lease payments represent rentals payable by the Group for its offices and car parks. Leases were negotiated for an average term of one to three years and rentals were fixed over the lease terms.

27. RETIREMENT BENEFIT SCHEMES

The Group participates in a defined contribution scheme which is registered under the MPF Scheme established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees.

For members of the MPF Scheme, the Group contributes at the lower of HK\$1,500 per month or 5% of relevant payroll costs each month to the MPF Scheme, which contribution is matched by the employee.

The total expense recognised in profit or loss for the year ended 31 March 2020 is HK\$10,626,000 (2019: HK\$9,358,000), which represent contributions payable to these plans by the Group at rates specified in the rules of the plans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

28. 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 17, 19 and 22.

(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	2020 HK\$'000	2019 HK\$'000
Controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma	Yan Yan Motors Limited	Building management fee	89	89
		Security services income	3,700	3,759
		Facility management services income	11,746	9,276
		Interest expenses on lease liabilities	31	N/A
		Lease liabilities (note)	939	N/A
	Fu Wan Public Light Bus (Scheduled) Service Company Limited	Rental expenses	-	960
		Car rental expenses	-	8
	Better Coin Industrial Limited	Security services income	193	310
	Deluxe Tower Limited	Facility management services income	1,106	540
		Security services income	526	359
Express Top Industries Limited	Security services income	1,711	1,580	
Golden Way Public Light Bus (Scheduled) Service Company Limited	Security services income	623	657	
Koon Wing Motors Limited	Security services income	349	322	
Sheung Shui Public Light Bus (Scheduled) Service Company Limited	Security services income	2	367	
Success Transportation Ltd	Security services income	-	131	
Yan Yan Ho Motors Ltd	Security services income	-	252	
CTBus Limited	Car rental expenses	-	58	
Brilliant Way Public Light Bus (Scheduled) Service Company Limited	Security services income	10	-	
Controlled by Mr. Ma Ah Muk	Trinity General Insurance Limited	Insurance expenses	26	26
Controlled by Ms. Ma Wah Chu, daughter of Mr. Ma Ah Muk	Eco Tree Hotel Limited	Security services income	432	108

Note: During the current year, the Group has entered into a lease modification with a related company to extend the lease term of car parks for 3 years. The Group has recognised an addition of right-of-use assets and lease liabilities of HK\$737,000 and HK\$737,000 respectively. This is the major non-cash transaction occurred during the current year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

28. RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel

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

	2020 HK\$'000	2019 HK\$'000
Short-term employee benefits	19,234	2,975
Post-employment benefits	95	64
	19,329	3,039

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

- (d) At 31 March 2019, banking facilities of HK\$90,000,000 provided by a bank to the Group with utilised amount of HK\$75,207,000 were guaranteed by personal guarantees from Mr. Ma Ah Muk and Mr. KS Ma. The personal guarantee has been released during the year ended 31 March 2020.

29. 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 capital structure of the Group consists of bank borrowings and 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, issue of new debt and redemption of existing debts.

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2020 HK\$'000	2019 HK\$'000
Financial assets		
Amortised cost	203,462	148,284
Financial liabilities		
Amortised cost	12,732	71,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

30. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits and other receivables, amount(s) due from related companies/a non-controlling shareholder of a subsidiary, bank balances and cash, amount(s) due to related parties/a non-controlling shareholder of a subsidiary, other payables, bank borrowings and other liabilities.

Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity 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.

Market risk

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and bank borrowings due to the fluctuation of the prevailing market interest rate. The Group is also exposed to fair value interest rate in relation to fixed-rate finance lease receivables and 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.

As at 31 March 2020, the Group's cash flow interest rate risk related to bank borrowings is mainly concentrated on the fluctuation of the Hong Kong Interbank Offered Rate.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates on its variable-rate bank borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial period and held constant throughout the period in the case of instruments that have floating rates. A 50 basis points (2019: 50 basis points) increase or decrease is used by the management for the assessment of the possible change in interest rates.

If interest rates had been 50 basis points (2019: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2020 would decrease/increase by approximately HK\$50,000 (2019: HK\$238,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

30. FINANCIAL INSTRUMENTS (Continued)

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

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 obligations by the counterparties.

The Group's credit risk is primarily attributable to its trade receivables and uncertified revenue. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, 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 2020, the Group has concentration of credit risk as 76% (2019: 78%), respectively, 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 top five largest customers accounted for 95% (2019: 92%) of the total trade receivables and uncertified revenue as at 31 March 2020. The management of the Group considers the credit risk of amounts due to 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 loss allowance on trade receivables and uncertified revenue at lifetime ECL as disclosed in note 17. While ECL for other financial assets at amortised cost, including deposits and other receivables, finance lease receivables, amount due from a non-controlling shareholder of a subsidiary, 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 amount due from a non-controlling shareholder of a subsidiary, amounts due from related companies, deposits and other receivables with gross carrying amount of HK\$2,000 (2019: nil), HK\$112,000 (2019: HK\$960,000) and HK\$17,536,000 (2019: HK\$13,186,000), respectively, the management of the Group makes individual assessment on the recoverability of them based on historical settlement records and past experience. Based on assessment by the management of the Group, the ECL for amount due from a non-controlling shareholder of a subsidiary, amounts due from related companies and deposits and other receivables are not significant.

The credit risk on bank balances of the Group with gross carrying amount of HK\$78,828,000 (2019: HK\$27,050,000) respectively 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. The ECL is not material.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

30. FINANCIAL INSTRUMENTS (Continued)

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

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. 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 pay. Specifically, bank borrowings of the Group with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest cash flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity tables

	Weighted average effective interest rate %	Repayable 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 2020						
Other payables	-	515	-	-	515	515
Amount due to a related company	-	94	-	-	94	94
Bank borrowings – variable rate	2.94	12,000	-	-	12,000	12,000
Other liabilities	-	-	-	123	123	123
		12,609	-	123	12,732	12,732
Lease liabilities	4.00	439	301	550	1,290	1,240
At 31 March 2019						
Other payables	-	6,935	-	-	6,935	6,935
Amount due to a non-controlling shareholder of a subsidiary	-	7,198	-	-	7,198	7,198
Amount due to a related company	-	106	-	-	106	106
Bank borrowings – variable rate	3.36	57,000	-	-	57,000	57,000
		71,239	-	-	71,239	71,239

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

30. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk (Continued)

Bank borrowings of the Group with a repayment on demand clause are included in the “repayable on demand or less than 3 months” time band in the above maturity analysis. As at 31 March 2020, the aggregate undiscounted principal amounts of these bank borrowings amounted to HK\$12,000,000 (2019: HK\$57,000,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that these bank borrowings will be repaid within 1 year after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements at the aggregate principal and interest cash outflows of HK\$12,006,000 (2019: HK\$57,142,000).

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if actual changes in variable interest rates differ to those estimated at the end of the reporting period.

(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 2020

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Accrued finance cost HK\$'000	Bank borrowings HK\$'000	Accrued issue costs HK\$'000	Dividend payable HK\$'000	Amounts due to related parties/ companies HK\$'000	Amount due to a non- controlling shareholder of a subsidiary HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 April 2018	-	-	582	-	1,733	-	-	2,315
Financing cash flows	(796)	57,000	(1,554)	(6,373)	(1,627)	-	-	46,650
<i>Non-cash changes</i>								
Finance costs								
accrued	822	-	-	-	-	-	-	822
Issue costs accrued	-	-	2,335	-	-	-	-	2,335
Dividend declared (Note 12)	-	-	-	8,000	-	-	-	8,000
Others (note)	-	-	-	(1,627)	-	7,198	-	5,571
At 31 March 2019	26	57,000	1,363	-	106	7,198	-	65,693
Application of HKFRS 16 (Note 3)	-	-	-	-	-	-	2,217	2,217
At 1 April 2019 (restated)	26	57,000	1,363	-	106	7,198	2,217	67,910
Financing cash flows	(2,010)	(45,000)	(7,375)	-	(12)	-	(1,751)	(56,148)
<i>Non-cash changes</i>								
Finance costs								
accrued	2,008	-	-	-	-	-	58	2,066
Issue costs accrued	-	-	6,012	-	-	-	-	6,012
Lease modifications	-	-	-	-	-	-	716	716
Others (note)	-	-	-	-	-	(7,198)	-	(7,198)
At 31 March 2020	24	12,000	-	-	94	-	1,240	13,358

Note: Among the dividend declared by the Company's subsidiaries amounted to HK\$8,000,000 during the year ended 31 March 2019, HK\$1,627,000 has been used to set off the amounts due from related companies. The remaining dividend of HK\$6,373,000 was settled by cash in July 2018.

During the year ended 31 March 2019, a non-controlling shareholder of a subsidiary has directly placed a deposit of HK\$7,200,000 on behalf of the Group to a third party for bidding a new service contract. In addition, the non-controlling shareholder has agreed to net off the capital contribution of HK\$2,000 with the deposit placed accordingly, amount due to a non-controlling shareholder of a subsidiary was HK\$7,198,000 as of 31 March 2019. During the year ended 31 March 2020, the deposit of HK\$7,200,000 was refunded directly to the non-controlling shareholder due to unsuccessful bidding and therefore the amount due to a non-controlling shareholder of a subsidiary was reduced by HK\$7,198,000 and amount due from a non-controlling shareholder of a subsidiary was increased by HK\$2,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

32. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2020 HK\$'000	2019 HK\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	35,134	34,744
CURRENT ASSETS		
Other receivables and prepayment	113	4,288
Amounts due from subsidiaries	8,690	–
Bank balance	17,939	51
	26,742	4,339
CURRENT LIABILITIES		
Accrued expenses	260	5,452
Amounts due to subsidiaries	452	7,408
	712	12,860
NET CURRENT ASSETS (LIABILITIES)	26,030	(8,521)
NET ASSETS	61,164	26,223
CAPITAL AND RESERVES		
Share capital	8,000	–*
Reserves	53,164	26,223
TOTAL EQUITY	61,164	26,223

* Less than HK\$1,000

	Share premium HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2018	–	–	–
Loss and total comprehensive expense for the year	–	(8,521)	(8,521)
Effect of Reorganisation	34,744	–	34,744
At 31 March 2019	34,744	(8,521)	26,223
Loss and total comprehensive expense for the year	–	(19,119)	(19,119)
Issue of new shares	62,000	–	62,000
Transaction costs attributable to issue of new shares	(9,940)	–	(9,940)
Capitalisation issue	(6,000)	–	(6,000)
At 31 March 2020	80,804	(27,640)	53,164



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

33. PARTICULARS OF SUBSIDIARIES

At the end of the reporting period, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiary	Place of incorporation	Issued and fully paid share capital	Equity interest attributable to the Group as at 31 March		Principal activities
			2020	2019	
Directly held					
IWS Security BVI	BVI	HK\$2	100%	100%	Investment holding
IWS PM BVI	BVI	HK\$2	100%	100%	Investment holding
IWS Cleaning BVI	BVI	HK\$2	100%	100%	Investment holding
IWS Carpark BVI	BVI	HK\$2	100%	100%	Investment holding
IWS Tunnel Management Holdings Limited	BVI	United States Dollar 50,000	100%	–	Investment holding
Indirectly held					
IWS Security	Hong Kong	HK\$3,000,000	100%	100%	Provision of general manned security services, event and crisis security services and manpower support services
IWS PM	Hong Kong	HK\$10,000	100%	100%	Provision of property management services and hotel management services
IWS Carpark	Hong Kong	HK\$10,000	100%	100%	Provision of car park management services and rental of car parks
IWS Cleaning	Hong Kong	HK\$10,000	100%	100%	Provision of cleaning services
IWS Carpark (JV 1) Limited	Hong Kong	HK\$10,000	80%	80%	Provision of car park management services
IWS Tunnel Management Limited	Hong Kong	HK\$10,000	100%	–	Inactive

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

34. PERFORMANCE BONDS

Certain customers of service contracts undertaken by the Group require the Company's subsidiary 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 or substantially completed by October 2021. At 31 March 2020, the outstanding performance bonds are amounted to HK\$29,373,000 (2019: HK\$18,207,000).

35. 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 held on 20 September 2019.

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

(a) Purpose of the Share Option Scheme

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.

(b) Who may join and basis of eligibility

The board of directors of the Company (the "Board") may, at its absolute discretion and on such terms as it may think fit, grant 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.

(c) Price of Shares

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2020

35. SHARE OPTION SCHEME (Continued)

(d) Grant of options and acceptance of offers

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.

(e) Maximum number of shares

No share option of the Company has been granted under the Share Option Scheme since its adoption and up to the date of the issuance of the consolidated financial statements. 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.

(f) Maximum entitlement of each participant

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.

(g) Time of exercise of option

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.

(h) Period of the Share Option Scheme

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 31 March:

	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
FINANCIAL RESULTS				
Revenue	481,571	295,171	130,792	103,419
Profit before taxation	60,118	22,877	13,776	12,229
Income tax expense	(13,030)	(5,128)	(3,068)	(1,955)
Profit for the year	47,088	17,749	10,708	10,274
Attributable to:				
Owners of the Company	47,088	17,751	10,708	10,274
Non-controlling interests	–	(2)	–	–
	47,088	17,749	10,708	10,274
ASSETS, LIABILITIES AND EQUITY				
Total assets	210,158	155,674	58,326	49,721
Total liabilities	(58,182)	(104,846)	(17,024)	(10,727)
	151,976	50,828	41,302	38,994
Total equity	151,976	50,828	41,302	38,994

Note: There is no restatement of prior years' financial information upon application of HKFRS 9 as at 1 April 2018 and HKFRS 16 as at 1 April 2019.