



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



FIRST QUARTERLY REPORT 2021

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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.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent non-executive Directors

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

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

COMPLIANCE OFFICER

Mr. Ma Yung King, Leo

COMPANY SECRETARY

Mr. Wong Chi Kong

LEGAL ADVISER

Iu, Lai & Li Solicitors and Notaries

COMPLIANCE ADVISER

Red Solar Capital Limited

AUDITOR

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

PRINCIPAL BANKER

Hang Seng Bank Limited

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

REGISTERED OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

8441

WEBSITE

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



FINANCIAL HIGHLIGHTS

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

	Three months ended 30 June	
	2021 (HK\$'000) (Unaudited)	2020 (HK\$'000) (Unaudited)
Revenue	118,185	74,769
Profit before taxation	14,994	10,973
Profit and total comprehensive income for the period	11,180	10,045

ADJUSTED NET PROFIT

	Three months ended 30 June	
	2021 (HK\$'000) (Unaudited)	2020 (HK\$'000) (Unaudited)
Profit and total comprehensive income for the period	11,180	10,045
Adjustment for listing expenses	8,158	–
Adjusted net profit	19,338	10,045

KEY FINANCIAL RATIOS

	For the three months ended 30 June	
	2021	2020
Net profit margin (%)	9.5	13.4
Adjusted net profit margin (%)	16.4⁽¹⁾	13.4
Interest coverage (times)	662.5⁽¹⁾	686.8

Note:

- Ratio calculation excluded the non-recurring listing expenses of approximately HK\$8.2 million for the three months ended 30 June 2021.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

For the period ended 30 June 2021, amid the outbreak of COVID-19, and unstable economic and social environment in Hong Kong, the Group delivered a satisfying positive performance and demand for the Group's security and facility management services continued to grow. This is attributable to the well-established "IWS" brand, which stands for quality security services to its customers in Hong Kong.

FINANCIAL OVERVIEW

Revenue

The Group's revenue increased by approximately HK\$43.4 million or 58.1% from approximately HK\$74.8 million for the three months ended 30 June 2020 to approximately HK\$118.2 million for the three months ended 30 June 2021, such increase was mainly due to the combined effect of the Group's two business segments as explained below:

Security services

Revenue generated from the security services segment increased by approximately HK\$43.4 million or 64.3% from approximately HK\$67.6 million for the three months ended 30 June 2020 to approximately HK\$111.0 million for the three months ended 30 June 2021. Such increase was primarily due to (i) revenue derived from the newly awarded general manned guarding services contracts of approximately HK\$6.1 million for the three months ended 30 June 2021; and (ii) increase in revenue of approximately HK\$37.3 million in manpower support services mainly because of the provision of manpower support services at the Community Testing Centres for specimens submission and distribution points of deep throat saliva specimen collection packs to a government department responsible for healthcare policies and the provision of basic healthcare services in Hong Kong (the "Health Authority") during the three months ended 30 June 2021.

Facility management services

Revenue generated from the facility management services segment for the three months ended 30 June 2020 and 2021 remained relatively stable at approximately HK\$7.2 million and HK\$7.2 million, respectively.

Employee benefit expenses

Employee benefit expenses increased by approximately HK\$11.9 million or 19.9% from approximately HK\$59.8 million for the three months ended 30 June 2020 to approximately HK\$71.6 million for the three months ended 30 June 2021. Such increase was mainly due to the combined effects of: (i) increase in total headcount for the newly awarded general manned guarding services contracts by approximately HK\$5.6 million; and (ii) decrease in government grants from the Employment Support Scheme of approximately HK\$6.1 million relating to compensation of employee benefit expenses net off against the employee benefit expenses for the three months ended 30 June 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and marketing expenses

Selling and marketing expenses for the three months ended 30 June 2020 and 2021 remained relatively stable at approximately HK\$0.3 million and HK\$0.3 million, respectively.

Other operating expenses

Other operating expenses increased by approximately HK\$18.8 million or 438.0% from approximately HK\$4.3 million for the three months ended 30 June 2020 to approximately HK\$23.0 million for the three months ended 30 June 2021. Such increase was mainly due to subcontracting costs of approximately HK\$19.2 million incurred during the three months ended 30 June 2021 as a result of the provision of manpower support services at the Community Testing Centres for specimens submission and distribution points of deep throat saliva specimen collection packs to the Health Authority.

Income tax expense

Income tax expenses increased by approximately HK\$2.9 million or 311.0% from approximately HK\$0.9 million for the three months ended 30 June 2020 to approximately HK\$3.8 million for the three months ended 30 June 2021. The increase was primarily due to the increase in assessable profit for the three months ended 30 June 2021. The effective tax rate was approximately 8.5% and 25.4% for the three months ended 30 June 2020 and 2021, respectively. Excluding (i) the non-taxable government grant income of approximately HK\$6.1 million recognised for the three months ended 30 June 2020; and (ii) the non-recurring listing expenses of approximately HK\$8.2 million incurred during the three months ended 30 June 2021, which was non-deductible for taxation purpose, the effective tax rate would be approximately 19.1% and 16.5% for the three months ended 30 June 2020 and 2021, respectively, which is in line with the prevailing rate.

Profit and total comprehensive income for the period

As a result of the foregoing, profit and total comprehensive income for the period increased by approximately HK\$1.1 million or 11.3% from approximately HK\$10.0 million for the three months ended 30 June 2020 to approximately HK\$11.2 million for the three months ended 30 June 2021. The Group's net profit margin decreased from approximately 13.4% for the three months ended 30 June 2020 to approximately 9.5% for the three months ended 30 June 2021. Excluding the non-recurring listing expenses for the proposed transfer of listing of the shares of the Company (the "Shares") from GEM to the Main Board of the Stock Exchange of approximately HK\$8.2 million incurred in the three months ended 30 June 2021, the Group's adjusted profit and total comprehensive income for the period would be approximately HK\$10.0 million for the three months ended 30 June 2020 and HK\$19.3 million for the three months ended 30 June 2021 whereas the Group's adjusted net profit margin would increase from approximately 13.4% for the three months ended 30 June 2020 to approximately 16.4% for the three months ended 30 June 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTEREST

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

As at 30 June 2021, 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:

(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%
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%
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%
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%

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

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

Note 6: Based on a total of 800,000,000 issued Shares as at 30 June 2021.

(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%



CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

Save as disclosed above, as at 30 June 2021, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Insofar as is known to the Directors, as at 30 June 2021, the following persons or entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the shares of the Company

Name of Shareholder	Nature of interest/holding capacity	Number of ordinary Shares held	Approximate percentage of issued share capital of the Company ⁽⁸⁾
IWS BVI	Beneficial owner	600,000,000	75%
Morewood	Interest in a controlled corporation ⁽¹⁾	600,000,000	75%
Mandarin	Interest in a controlled corporation ⁽²⁾	600,000,000	75%
Cambridge	Interest in a controlled corporation ⁽³⁾	600,000,000	75%
Ms. Cheng Pak Ching	Interest of spouse ⁽⁴⁾	600,000,000	75%
Ms. Chow Yick Tung	Interest of spouse ⁽⁵⁾	600,000,000	75%
Ms. Choi Lai Form	Interest of spouse ⁽⁶⁾	600,000,000	75%
Ms. Ho Yin Nei	Interest of spouse ⁽⁷⁾	600,000,000	75%



CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

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

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

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

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

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

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

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

Note 8: Based on a total of 800,000,000 issued Shares as at 30 June 2021.

Save as disclosed above and so far as is known to the Directors, as at 30 June 2021, the Directors were not aware of any other persons who had, or any other entities which had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company that would fall to be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the “**Share Option Scheme**”) on 20 September 2019 for a term of ten years. 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 “E. SHARE OPTION SCHEME” in Appendix IV to the prospectus of the Company dated 30 September 2019.

As at 30 June 2021, no share option has been granted, agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIVIDEND

The Board did not recommend the payment of any dividend for the three months ended 30 June 2021 (three months ended 30 June 2020: nil).

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

During the three months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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 this report, at no time during the three months ended 30 June 2021 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company 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 22 October 2019, being the date of the listing of the Company's shares on GEM.

In the opinion of the Board, the Company has complied with the code provisions in the CG Code during the three months ended 30 June 2021.



CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "**Code of Conduct**") on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard Dealings**"). The Company has made specific enquiries to the Directors and all Directors have confirmed that they have fully complied with the Code of Conduct and Required Standard Dealings during the three months ended 30 June 2021.

COMPETING INTERESTS

During the three months ended 30 June 2021, 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 the date of this report, the Company has maintained the prescribed public float required by the GEM Listing Rules for the three months ended 30 June 2021.

SEGMENT INFORMATION

Segment information for the Group is presented as disclosed in note 3 to the unaudited condensed consolidated financial statements.

INTERESTS OF THE COMPLIANCE ADVISER

As at the date of this report, as notified by the Company's compliance adviser, Red Solar Capital Limited (the "**Compliance Adviser**"), except for the compliance adviser agreement entered into between the Company and the Compliance Adviser on 23 September 2019, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined in the GEM Listing Rules) 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee on 20 September 2019 (the “**Audit Committee**”) in compliance with Rule 5.28 of the GEM Listing Rules. Written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules and paragraphs C.3.3 and C.3.7 of the CG Code have been adopted. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control systems of the Group. The Audit Committee consists of three independent non-executive Directors, namely Ms. Chang Wai Ha, Dr. Ng Ka Sing, David and Mr. Yau Siu Yeung. Ms. Chang Wai Ha currently serves as the chairlady of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 30 June 2021. Based on the review and discussions with the management, the Audit Committee was satisfied that the unaudited condensed consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the three months ended 30 June 2021.

OUTLOOK

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

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

By Order of the Board
IWS Group Holdings Limited
Ma Ah Muk
Executive Director and Chairman

Hong Kong, 6 August 2021



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

For the three months ended 30 June 2021

	NOTES	Three months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	118,185	74,769
Other income	4	20	585
Employee benefit expenses		(71,643)	(59,754)
Selling and marketing expenses		(327)	(327)
Other operating expenses		(23,048)	(4,284)
Listing expenses		(8,158)	–
Finance costs	5	(35)	(16)
Profit before taxation		14,994	10,973
Income tax expense	6	(3,814)	(928)
Profit and total comprehensive income for the period	7	11,180	10,045
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		11,180	10,045
Non-controlling interests		–	–
		11,180	10,045
Earnings per share			
Basic (HK cents)	9	1.40	1.26

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2021

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Retained earnings	Subtotal		
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020 (audited)	8,000	80,804	(31,714)	94,886	151,976	–	151,976
Profit and total comprehensive income for the period	–	–	–	10,045	10,045	–	10,045
At 30 June 2020 (unaudited)	8,000	80,804	(31,714)	104,931	162,021	–	162,021
At 1 April 2021 (audited)	8,000	80,804	(31,714)	145,099	202,189	(1)	202,188
Profit and total comprehensive income for the period	–	–	–	11,180	11,180	–	11,180
At 30 June 2021 (unaudited)	8,000	80,804	(31,714)	156,279	213,369	(1)	213,368

Note:

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



NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 June 2021

1. GENERAL INFORMATION

IWS Group Holdings Limited (“**the Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability on 23 March 2018. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited on 22 October 2019. Its immediate and ultimate holding company is IWS Group Holdings Limited, a company incorporated in the British Virgin Islands 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 this first quarterly report.

The Company is engaged in the provision of manpower support services and investment holding. Its subsidiaries are principally engaged in the provision of security services and facility management services in Hong Kong.

2. BASIS OF PREPARATION

The quarterly financial information has been prepared in accordance with accounting policies that conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) applicable to interim periods as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange. However, it does not contain sufficient information to constitute an interim financial report as defined in HKFRSs.

The quarterly financial information has been prepared on the historical cost basis. The HKICPA has issued a number of new and amendments to HKFRSs that are first effective or available for early adoption for the current accounting period. The adoption of these new and amendments to HKFRSs have no material effect on the quarterly financial information.

The accounting policies and methods of computation used in the quarterly financial information for the three months ended 30 June 2021 are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 March 2021.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the three months ended 30 June 2021

3. REVENUE AND SEGMENT INFORMATION

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

	Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Types of services and rental		
Provision of:		
General manned guarding services	43,967	37,909
Manpower support services	67,027	29,665
Property management services	4,656	4,619
Car park management services	2,083	2,100
Cleaning services	440	457
Interest income from sub-leasing of car parks	12	19
Total	118,185	74,769

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 and manpower support services at railway stations and facilities, sea, land and railway immigration control points and public amenities and during large-scale events and emergency and critical incidents in Hong Kong.
- (ii) Facility management services — provision of property management services, car park management services, cleaning services and interest income from sub-leasing of car parks.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the three months ended 30 June 2021

3. 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 <i>HK\$'000</i>	Facility management services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Three months ended 30 June 2021 (unaudited)				
Revenue				
External sales	110,994	7,191	–	118,185
Inter-segment sales	4,004	1,960	(5,964)	–
	114,998	9,151	(5,964)	118,185
Segment results	28,169	3,170	–	31,339
Other income				20
Other corporate expenses				(8,172)
Listing expenses				(8,158)
Finance costs				(35)
Profit before taxation				14,994

	Security services <i>HK\$'000</i>	Facility management services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Three months ended 30 June 2020 (unaudited)				
Revenue				
External sales	67,574	7,195	–	74,769
Inter-segment sales	3,789	1,949	(5,738)	–
	71,363	9,144	(5,738)	74,769
Segment results	14,865	3,687	–	18,552
Other income				585
Other corporate expenses				(8,148)
Finance costs				(16)
Profit before taxation				10,973

Inter-segment sales are charged at prevailing market rates.

Segment results represent profits earned from each segment without allocation of other income, other loss, 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the three months ended 30 June 2021

4. OTHER INCOME

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	–	34
Others	20	551
	20	585

5. FINANCE COSTS

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	–	6
Interest on lease liabilities	35	10
	35	16



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the three months ended 30 June 2021

6. INCOME TAX EXPENSE

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong Profits Tax		
— Current period	3,814	928

Hong Kong Profits Tax for both periods are calculated at 16.5% of the estimated assessable profits for the period, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rates regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

7. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Three months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit and total comprehensive income for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	212	174
Depreciation of right-of-use assets	381	358
Subcontracting costs	19,225	—
Government grants (net off against employee benefit expenses)	—	(6,127)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the three months ended 30 June 2021

8. DIVIDEND

The Board did not recommend the payment of dividend for the three months ended 30 June 2021 (three months ended 30 June 2020: nil).

9. EARNINGS PER SHARE

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

	Three months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	11,180	10,045
	Three months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Number of shares		
Weighted average number of ordinary shares	800,000,000	800,000,000

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