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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2020

The board (the “**Board**”) of directors (the “**Directors**”) of IWS Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited consolidated third quarterly results of the Group for the nine months ended 31 December 2020. This announcement, containing the full text of the third quarterly report of the Company for the nine months ended 31 December 2020 (the “**2020 Third Quarterly Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited in relation to preliminary announcement of quarterly results. Printed version of the 2020 Third Quarterly Report will be despatched to the shareholders of the Company in due course.

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

Hong Kong, 4 February 2021

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

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for a minimum period of seven days from the date of its publication and on the Company’s website at <http://www.iws.com.hk>.

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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



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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 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	76,996	210,358	250,591	397,882
Profit before taxation	15,964	54,767	67,604	70,330
Profit and total comprehensive income for the period	15,174	45,075	62,228	56,881

ADJUSTED NET PROFIT

	Three months ended		Nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit and total comprehensive income for the period	15,174	45,075	62,228	56,881
Adjustment for listing expenses	–	9,519	–	15,525
Adjusted net profit	15,174	54,594	62,228	72,406

KEY FINANCIAL RATIOS

	For the nine months ended 31 December 2020	For the nine months ended 31 December 2019
Adjusted net profit margin (%)	24.8	18.2 ⁽¹⁾
Interest coverage (times)	727.9	65.2 ⁽¹⁾

Note:

- Ratio calculation excluded the non-recurring listing expenses of approximately HK\$15.5 million for the nine months ended 31 December 2019.



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.

For the nine months ended 31 December 2020, amid the outbreak of COVID-19, and unstable economic and social environment in Hong Kong, the Group delivered a satisfying positive performance and demand for the Group's security and facility management services continued to grow. This is attributable to the well-established "IWS" brand, which stands for quality security services to its customers in Hong Kong.

FINANCIAL OVERVIEW

Revenue

The Group derives revenue from providing security services and facility management services across both the public and private sectors in Hong Kong. The Group's revenue decreased by approximately HK\$147.3 million, or 37.0% from approximately HK\$397.9 million for the nine months ended 31 December 2019 to approximately HK\$250.6 million for the nine months ended 31 December 2020.

Security services

Revenue generated from the security services segment decreased by approximately HK\$146.6 million or 39.0% from approximately HK\$375.5 million for the nine months ended 31 December 2019 to approximately HK\$228.9 million for the nine months ended 31 December 2020, which is primarily due to the decrease in revenue generated from general manned guarding services by approximately HK\$179.9 million or 60.7% from approximately HK\$296.4 million for the nine months ended 31 December 2019, to approximately HK\$116.5 million for the nine months ended 31 December 2020. The net effect of decrease in revenue generated from the security services segment was primarily due to (i) the decrease in revenue derived from the ongoing Guangshengang XRL Contract (the "**XRL Contract**") with a Hong Kong railway corporation (the "**Railway Corporation**") due to the temporary suspension of Hong Kong West Kowloon Station in view of the measures to contain the COVID-19 outbreak during the nine months ended 31 December 2020 where the revenue generated amounted to approximately HK\$87.6 million during the nine months ended 31 December 2020; and (ii) the decrease in revenue derived from ad-hoc security services relating to public order events due to less ad hoc security services being provided during the nine months ended 31 December 2020, where the revenue generated amounted to approximately HK\$5.4 million during the nine months ended 31 December 2020; which was offset by an increase in revenue derived from provision of manpower support services of approximately HK\$33.8 million mainly attributable to the provision of manpower at the deep throat saliva specimen collection centres for the deep throat saliva specimen collection and delivery services (the "**Collection and Delivery Services**").

MANAGEMENT DISCUSSION AND ANALYSIS

Facility management services

Revenue generated from facility management services decreased by approximately HK\$0.7 million, or 2.9% from approximately HK\$22.4 million for the nine months ended 31 December 2019 to approximately HK\$21.7 million for the nine months ended 31 December 2020. The decrease was primarily due to less ad-hoc services provided to customers during the nine months ended 31 December 2020.

Employee benefit expenses

Employee benefit expenses decreased by approximately HK\$134.0 million, or 44.7% from approximately HK\$300.2 million for the nine months ended 31 December 2019 to approximately HK\$166.1 million for the nine months ended 31 December 2020 mainly due to (i) decrease in total headcount for ad-hoc security services contracts and the XRL Contract; and (ii) government grants from the Employment Support Scheme of approximately HK\$38.6 million resulting in compensation for employee benefit expenses being net off against the employee benefit expenses.

Selling and marketing expenses

Selling and marketing expenses decreased by approximately HK\$0.9 million or 51.9% from approximately HK\$1.7 million for the nine months ended 31 December 2019 to approximately HK\$0.8 million for the nine months ended 31 December 2020 mainly due to the recent COVID-19 outbreak which affects the demand for security services in the private sector.

Administrative expenses

Administrative expenses increased by approximately HK\$8.5 million, or 93.5% from approximately HK\$9.1 million for the nine months ended 31 December 2019 to approximately HK\$17.6 million for the nine months ended 31 December 2020. This increase was mainly due to (i) an increase in legal and professional fees of approximately HK\$2.4 million resulting from listing compliance advisory fee and professional fee for new projects and tenders; and (ii) an increase in rental car and equipment, consumable material, travelling and transportation services fees of approximately HK\$6.4 million in relation to more Collection and Delivery Services provided.

Income tax expense

Income tax expenses decreased by approximately HK\$8.1 million, or 60.0% from approximately HK\$13.4 million for the nine months ended 31 December 2019 to approximately HK\$5.4 million for the nine months ended 31 December 2020. The decrease was primarily due to combined effects of the decrease in assessable profit where non-taxable government grant income was received or receivable during the nine months ended 31 December 2020 and non-deductible, non-recurring listing expenses were incurred during the nine months ended 31 December 2019. The effective tax rate was approximately 19.1% and 8.0% for the nine months ended 31 December 2019 and 2020, respectively. Excluding (i) the non-taxable government grant income of approximately HK\$38.6 million recognised for the nine months ended 31 December 2020; and (ii) the non-recurring listing expenses of approximately HK\$15.5 million incurred for the nine months ended 31 December 2019, which was non-deductible for taxation purpose, the effective tax rate was approximately 15.7% and 18.5% for the nine months ended 31 December 2019 and 2020, respectively, which is in line with the prevailing rate.



MANAGEMENT DISCUSSION AND ANALYSIS

Profit and total comprehensive income for the period

As a result of the above-mentioned factors, profit and total comprehensive income for the period increased by approximately HK\$5.3 million, or 9.4% from approximately HK\$56.9 million for the nine months ended 31 December 2019 to approximately HK\$62.2 million for the nine months ended 31 December 2020. Net profit margin increased from approximately 14.3% for the nine months ended 31 December 2019 to approximately 24.8% for the nine months ended 31 December 2020. Excluding the non-recurring listing expenses of approximately HK\$15.5 million incurred in the nine months ended 31 December 2019, adjusted profit and total comprehensive income for the nine months ended 31 December 2019 amounted to approximately HK\$72.4 million and adjusted net profit margin increased from approximately 18.2% for the nine months ended 31 December 2019 to approximately 24.8% for the nine months ended 31 December 2020.

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 31 December 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:

(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 2019 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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 of the Company as at 31 December 2020.

(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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 31 December 2020, none of the Directors nor the chief executive 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 it is known to the Directors, as at 31 December 2020, the following persons or entities (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the shares of the Company

Name of Shareholder	Nature of interest/holding capacity	Number of ordinary Shares held	Approximate percentage of issued share capital of the Company ⁽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%



CORPORATE GOVERNANCE AND OTHER INFORMATION

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 of the Company as at 31 December 2020.

Save as disclosed above and so far as is known to the Directors, as at 31 December 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 adopted a share option scheme (the “**Share Option Scheme**”) on 20 September 2019. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentive or rewards for their contributions to the Group. For the principal terms of the Share Option Scheme, please refer to “E. SHARE OPTION SCHEME” in Appendix IV to the prospectus of the Company dated 30 September 2019.

As at 31 December 2020, no share option has been granted or agreed to be granted under the Share Option Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIVIDEND

The Board did not recommend the payment of any dividend for the nine months ended 31 December 2020 (nine months ended 31 December 2019: Nil).

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2020.

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 "Share Option Scheme" in this report, at no time during the nine months ended 31 December 2020 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive or their respective associates of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any associated corporation.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

The Company has adopted the principles and code provisions of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules (the "**CG Code**") as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from 22 October 2019, 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 nine months ended 31 December 2020.



CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "**Code of Conduct**") on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Required Standard Dealings**"). The Company 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 nine months ended 31 December 2020.

COMPETING INTERESTS

During the nine months ended 31 December 2020, 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 nine months ended 31 December 2020.

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 nine months ended 31 December 2020. 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 nine months ended 31 December 2020.

OUTLOOK

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

The Group has appointed professional parties to evaluate the possibility of transferring the listing of the securities of the Company from GEM to the Main Board of the Stock Exchange (“**Possible Transfer**”). The evaluation is at a preliminary stage, however, further announcement(s) will be made to keep our shareholders and potential investors informed on the progress of the Possible Transfer as and when appropriate. Shareholders and potential investors of the Company should note that the Possible Transfer will depend on a number of variable factors. There is no assurance that the Possible Transfer will materialise. For details, please refer to the announcement issued by the Company dated 2 February 2021.

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 by preliminary assessing the possibility of any potential targets, 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, 4 February 2021

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



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

For the nine months ended 31 December 2020

	NOTES	Three months ended 31 December		Nine months ended 31 December	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	3	76,996	210,358	250,591	397,882
Other income	4	298	222	1,617	286
Other gain and loss	4	32	–	32	(20)
Employee benefit expenses		(55,567)	(141,807)	(166,136)	(300,171)
Selling and marketing expenses		(270)	(576)	(815)	(1,693)
Administrative expenses		(5,483)	(3,478)	(17,592)	(9,091)
Listing expenses		–	(9,519)	–	(15,525)
Finance costs		(42)	(433)	(93)	(1,338)
Profit before taxation		15,964	54,767	67,604	70,330
Income tax expense	5	(790)	(9,692)	(5,376)	(13,449)
Profit and total comprehensive income for the period attributable to owners of the Company	6	15,174	45,075	62,228	56,881
Earnings per share					
Basic (HK cents)	8	1.90	6.92	7.78	8.73
Diluted (HK cents)		N/A	6.92	N/A	8.73

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2020

	Attributable to owners of the Company					Non-controlling interest	Total
	Share capital	Share premium	Merger reserve	Retained earnings	Sub-total		
	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2019 (audited)	–	34,744	(31,714)	47,798	50,828	–	50,828
Profit and total comprehensive income for the period	–	–	–	56,881	56,881	–	56,881
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)
Issue of shares by capitalisation of share premium account	6,000	(6,000)	–	–	–	–	–
At 31 December 2019 (unaudited)	8,000	80,804	(31,714)	104,679	161,769	–	161,769
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	–	–	–	62,228	62,228	–*	62,228
Dividend (Note 7)	–	–	–	(16,000)	(16,000)	–	(16,000)
At 31 December 2020 (unaudited)	8,000	80,804	(31,714)	141,114	198,204	–*	198,204

* Less than HK\$1,000

Note: Merger reserve represents the difference between the amount of share capital and share premium of the Company issued, and the combined share capital of International Wing Shing Security Management Limited, 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 nine months ended 31 December 2020

1. GENERAL INFORMATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

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 31 December 2020 are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 March 2020. In addition, the Group has applied the following accounting policies which became relevant to the Group in the current interim period.

Government grants

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

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

3. REVENUE AND SEGMENT INFORMATION

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

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Types of services and rental				
Provision of:				
General manned guarding services	41,060	178,897	116,528	296,378
Event and crisis security services	–	85	–	585
Manpower support services	28,686	23,756	112,350	78,554
Property management services	4,683	4,411	13,985	13,929
Carpark management services	2,086	2,552	6,282	6,465
Cleaning services	466	596	1,394	1,540
Rental of car parks	–	61	–	431
Interest income from sub-leasing of car parks	15	–	52	–
Total	76,996	210,358	250,591	397,882

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

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

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



NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

Nine months ended 31 December 2020 (unaudited)

	Security services <i>HK\$'000</i>	Facility management services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
External sales	228,878	21,713	–	250,591
Inter-segment sales	10,309	5,866	(16,175)	–
	239,187	27,579	(16,175)	250,591
Segment results	84,582	11,571	–	96,153
Other income				1,649
Other corporate expenses				(30,105)
Finance costs				(93)
Profit before taxation				67,604

Nine months ended 31 December 2019 (unaudited)

	Security services <i>HK\$'000</i>	Facility management services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
External sales	375,517	22,365	–	397,882
Inter-segment sales	11,539	5,664	(17,203)	–
	387,056	28,029	(17,203)	397,882
Segment results	102,345	4,863	–	107,208
Other income				286
Other loss				(20)
Other corporate expenses				(20,281)
Listing expenses				(15,525)
Finance costs				(1,338)
Profit before taxation				70,330

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Inter-segment sales are charged at prevailing market rates.

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

4. OTHER INCOME/OTHER GAIN AND LOSS

Other income

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Bank interest income	2	102	57	111
Others	296	120	1,560	175
	298	222	1,617	286

Other gain and loss

	Three months ended 31 December		Nine months ended 31 December	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Gain on disposal of property, plant and equipment	32	–	32	–
Loss on disposal of property, plant and equipment	–	–	–	(20)
	32	–	32	(20)



NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

5. INCOME TAX EXPENSE

	Three months ended 31 December		Nine months ended 31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax:				
Hong Kong Profits Tax				
— Current period	790	9,692	5,376	13,449

6. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Three months ended 31 December		Nine months ended 31 December	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit and total comprehensive income for the period has been arrived at after charging (crediting):				
Depreciation of property, plant and equipment	206	182	564	530
Depreciation of right-of-use assets	369	433	1,087	1,292
Government grants (net off against employee benefit expanses) (Note)	(12,672)	—	(38,586)	—

Note: During the nine months ended 31 December 2020, the Group recognised government grants of approximately HK\$38,586,000 in respect of COVID-19-related subsidies in relation to Employment Support Scheme provided by the Hong Kong government.

7. DIVIDEND

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

The Board did not recommend the payment of dividend for the nine months ended 31 December 2020 (nine months ended 31 December 2019: Nil).

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 December 2020

8. EARNINGS PER SHARE

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

	Three months ended 31 December		Nine months ended 31 December	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company and earnings for the purpose of basic earnings per share	15,174	45,075	62,228	56,881

Number of shares

	Three months ended 31 December		Nine months ended 31 December	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	800,000,000	651,636,364	800,000,000	651,636,364

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

The calculation of diluted earnings per share for the prior interim period does not assume the exercise of the offer size adjustment option granted and lapsed before the listing of the Company. No diluted earnings per share are presented for the current interim period as there were no potential ordinary shares in issue during the current interim period.