



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

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 CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

	FY2021 (HK\$'000)	FY2020 (HK\$'000)
Revenue	365,833	481,571
Profit before taxation	72,806	60,118
Profit and total comprehensive income for the year	66,212	47,088

ADJUSTED NET PROFIT

	FY2021 (HK\$'000)	FY2020 (HK\$'000)
Profit and total comprehensive income for the year	66,212	47,088
Adjustment for listing expenses	4,655	15,525
Adjusted net profit	70,867	62,613

SELECTED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ITEMS

	As at 31 March	
	FY2021 (HK\$'000)	FY2020 (HK\$'000)
Non-current assets	15,009	10,092
Current assets	236,710	200,066
Current liabilities	47,104	57,531
Net current assets	189,606	142,535
Non-current liabilities	2,427	651
Net assets/Total equity	202,188	151,976



FINANCIAL HIGHLIGHTS

SELECTED CONSOLIDATED STATEMENT OF CASH FLOWS

	FY2021 (HK\$'000)	FY2020 (HK\$'000)
Net cash from operating activities	78,774	43,165
Net cash (used in) from investing activities	(679)	761
Net cash (used in) from financing activities	(29,810)	7,852
Net increase in cash and cash equivalents	48,285	51,778
Cash and cash equivalents at beginning of the year	78,874	27,096
Cash and cash equivalents at end of the year	127,159	78,874

KEY FINANCIAL RATIOS

	As at 31 March	
	2021/ FY2021	2020/ FY2020
Adjusted net profit margin (%)	19.4 ⁽¹⁾	13.0 ⁽²⁾
Adjusted return on equity (%)	35.1 ⁽¹⁾	41.2 ⁽²⁾
Adjusted return on total assets (%)	28.2 ⁽¹⁾	29.8 ⁽²⁾
Adjusted interest coverage (times)	596.9 ⁽¹⁾	37.6 ⁽²⁾
Current ratio (times)	5.0	3.5
Quick ratio (times)	5.0	3.5
Gearing ratio (%)	2.0	8.7
Net debt to equity ratio (%)	N/A	N/A
Average trade receivables turnover days (days)	101	81
Average trade payables turnover days (days)	48	N/A

Note:

- Ratio calculation excluded the non-recurring listing expenses of approximately HK\$4.7 million for the year ended 31 March 2021.
- Ratio calculation excluded the non-recurring listing expenses of approximately HK\$15.5 million for the year ended 31 March 2020.

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 2021.

OVERVIEW

The year ended 31 March 2021 ("**FY2021**") has been a turbulent period for the Hong Kong market as it was affected by the protracted China-US trade war and outbreak of Coronavirus Disease 2019 ("**COVID-19**") that led to an economic downturn in 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 FY2021, the Group recorded a decrease in revenue of approximately 24.0% from approximately HK\$481.6 million for the year ended 31 March 2020 ("**FY2020**") to approximately HK\$365.8 million. The decline was mainly driven by the decrease in revenue derived from short-terms ad-hoc general manned guarding services relating to public order events with a Hong Kong railway corporation in security services segment. Although the Group recorded a decrease in revenue, the Group's profit and total comprehensive income for the year increased to approximately HK\$66.2 million for FY2021 from approximately HK\$47.1 million in FY2020, up by approximately 40.6%. Excluding the non-recurring listing expenses, the Group's profit and total comprehensive income for the year for FY2021 was approximately HK\$70.9 million, up by 13.2%.

A final dividend for FY2021 of HK3.25 cents per ordinary share, totaling HK\$26,000,000 based on 800,000,000 ordinary shares has been proposed by the board of directors of the Company (31 March 2020: HK2 cents per ordinary share) 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 strategic acquisition and investment opportunities by preliminary assessing the possibility of any potential targets, all of which aim at the ultimate goal of becoming the leading integrated facility management services provider in Hong Kong.

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 on the feasibility of the Possible Transfer is still ongoing as of the date of this report and 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.

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 COVID-19 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, 28 May 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 year ended 31 March 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 decreased by approximately HK\$115.7 million or 24.0% from approximately HK\$481.6 million for the year ended 31 March 2020 to approximately HK\$365.8 million for the year ended 31 March 2021, such decrease 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 decreased by approximately HK\$115.3 million or 25.5% from approximately HK\$452.2 million for the year ended 31 March 2020 to approximately HK\$336.9 million for the year ended 31 March 2021. Such decrease was primarily due to (i) revenue derived from the general manned guarding services decreased by approximately HK\$184.6 million compared to the year ended 31 March 2020 which is mainly because of a decrease in demand for the Group's general manned guarding services relating to public order events from a Hong Kong railway corporation (the "**Railway Corporation**"); and (ii) partially off-set by an increase in revenue of approximately HK\$70.0 million in manpower support services mainly because of the provision of COVID-19 related manpower support services at the deep throat saliva specimen collection centres and deep throat saliva specimen collection and delivery services to the Universal Community Testing Programme 2020 (the "**Collection and Delivery Services**"), and logistics and related support services during the year ended 31 March 2021.

Facility management services

Revenue generated from the facility management services segment remained relatively stable at approximately HK\$29.4 million and HK\$29.0 million for the year ended 31 March 2020 and the year ended 31 March 2021, respectively.

Employee benefit expenses

Employee benefit expenses decreased by approximately HK\$138.5 million or 35.6% from approximately HK\$388.5 million for the year ended 31 March 2020 to approximately HK\$250.0 million for the year ended 31 March 2021. Such decrease was mainly due to: (i) decrease in total headcount for the general manned guarding services due to the

MANAGEMENT DISCUSSION AND ANALYSIS

decrease in demand for Group's general manned guarding services relating to public order events from the Railway Corporation; and (ii) government grants in relation to the Employment Support Scheme of approximately HK\$39.7 million recognised and net off against the employee benefit expenses for the year ended 31 March 2021.

Selling and marketing expenses

Selling and marketing expenses decreased by approximately HK\$1.0 million or 46.7% from approximately HK\$2.1 million for the year ended 31 March 2020 to approximately HK\$1.1 million for the year ended 31 March 2021. Such decrease was mainly due to the decrease in the commission paid to the Group's sales agents because of the decrease in deployment of the Group's security guards in the private sector.

Other operating expenses

Other operating expenses increased by approximately HK\$24.6 million or 174.0% from approximately HK\$14.1 million for the year ended 31 March 2020 to approximately HK\$38.8 million for the year ended 31 March 2021. Such increase was mainly due to subcontracting costs of approximately HK\$23.8 million incurred in the year ended 31 March 2021 as a result of the increase in the Group's provision of COVID-19 related general manned guarding services and manpower support services mainly in relation to the Collection and Delivery Services, and logistics and related support services.

Income tax expense

Income tax expenses decreased by approximately HK\$6.4 million or 49.4% from approximately HK\$13.0 million for the year ended 31 March 2020 to approximately HK\$6.6 million for the year ended 31 March 2021. The Group's profit before taxation for the year ended 31 March 2021 included a non-taxable government grant in relation to the Employment Support Scheme of approximately HK\$39.7 million recognised during the year ended 31 March 2021. As such, the Group's income tax expenses decreased for the year ended 31 March 2021.

Profit and total comprehensive income for the year

As a result of the foregoing, profit and total comprehensive income for the year increased by approximately HK\$19.1 million or 40.6% from approximately HK\$47.1 million for the year ended 31 March 2020 to approximately HK\$66.2 million for the year ended 31 March 2021. The Group's net profit margin increased from approximately 9.8% for the year ended 31 March 2020 to approximately 18.1% for the year ended 31 March 2021. Excluding the non-recurring GEM Listing expenses of approximately HK\$15.5 million incurred in the year ended 31 March 2020 and 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\$4.7 million incurred in the year ended 31 March 2021, the Group's adjusted profit and total comprehensive income for the year would be approximately HK\$62.6 million for the year ended 31 March 2020 and HK\$70.9 million for the year ended 31 March 2021 whereas the Group's adjusted net profit margin would increase from approximately 13.0% for the year ended 31 March 2020 to approximately 19.4% for the year ended 31 March 2021. Excluding the government grant of approximately HK\$39.7 million for the year ended 31 March 2021, the Group's adjusted net profit margin would be approximately 8.5% for the year ended 31 March 2021. The decrease in the adjusted net profit margin for the year ended 31 March 2021 as compared to the year ended 31 March 2020 was mainly because the Group provided general manned guarding services to the Railway Corporation in relation to the public order events during the year ended 31 March 2020 where the margin for such services was relatively higher compared to other contracts.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 31 March 2021, the Group had bank balances and cash of approximately HK\$127.2 million, representing an increase of approximately HK\$48.3 million or 61.2% from approximately HK\$78.9 million as at 31 March 2020.

As at 31 March 2021, the Group had net current assets and net assets of approximately HK\$189.6 million (31 March 2020: HK\$142.5 million) and approximately HK\$202.2 million (31 March 2020: HK\$152.0 million), respectively. As at 31 March 2021, the Group's current ratio, calculated based on current assets divided by current liabilities of the Group, was 5.0 times (31 March 2020: 3.5 times).

As at 31 March 2021, total borrowings of the Group amounted to approximately HK\$4.0 million (31 March 2020: HK\$13.2 million) and total equity was approximately HK\$202.2 million (31 March 2020: HK\$152.0 million). As at 31 March 2021, the Group's gearing ratio, calculated based on total borrowings divided by total equity, was 2.0% (31 March 2020: 8.7%).

As at 31 March 2021, the Group had bank facilities with a limit of HK\$80.0 million, of which HK\$29.4 million had been utilised.

As at 31 March 2021, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$202.2 million (31 March 2020: HK\$152.0 million), comprising issued share capital and reserves. Since the Company's shares were listed on GEM 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 2021, there was no material impact on the Group arising from the fluctuation in the foreign exchange rates. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 March 2021.

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 2021. 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 of Directors (the "**Board**") closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

SEGMENT INFORMATION

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

MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE BOND

As at 31 March 2021, the Group had an outstanding performance bond of approximately HK\$29.4 million (2020: 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, contracts relating to the Guangshen'gang XRL 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 2021.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 31 March 2021, 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 24 to the consolidated financial statements.

PLEDGE OF ASSETS

There were no pledged assets as at 31 March 2021 (31 March 2020: Nil).

CAPITAL COMMITMENTS

As at 31 March 2021, the Group did not have any material capital commitment (31 March 2020: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2021, the Group had 2,042 employees (31 March 2020: 1,941 employees). Staff costs of the Group, including Directors' remuneration, were approximately HK\$250.0 million for the year ended 31 March 2021 (31 March 2020: HK\$388.5 million). To ensure that it is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed regularly. In addition, discretionary bonus is offered to eligible employees subject to the Group's results and individual performance.

CONTINGENT LIABILITIES

As at 31 March 2021, the Group did not have any significant contingent liabilities or guarantees (31 March 2020: Nil). The Group is currently not involved in any material legal proceedings, nor is it aware of any proceedings or potential material legal proceedings.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE STRATEGIES AND PROSPECTS

The market size of security services in Hong Kong increased from approximately HK\$22.1 billion in 2015 to approximately HK\$29.1 billion in 2019, representing a compound annual growth rate (the “**CAGR**”) of approximately 7.1%. The market size of Type I security work in Hong Kong is expected to grow to approximately HK\$32.9 billion in 2025, at a CAGR of approximately 7.3% from 2020 to 2025. It is further expected that the market size of security services in the public sector in Hong Kong will grow to approximately HK\$1,640.8 million in 2025, at a CAGR of approximately 6.0% from 2020 to 2025. Given the expected growth in both Type I security work and securities services in the Hong Kong public sector, the Group believes that there will be an increasing demand for its security services in the future to sustain its development.

The development of the security services industry is related to the expansion of infrastructure, transportation, buildings and real estate activities. Generally, the numbers of public facilities, commercial properties and residential properties would be able to indicate on the growth potential of the industry. With the gradual completion of these mega-scale railway and transportation infrastructure projects, demand for security services, especially crowd coordination and management services, in the public transportation sector is expected to grow significantly. In view of this favourable background, the demand for security services 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 market size of facility and venue management services in Hong Kong experienced a growth from approximately HK\$32.5 billion in 2015 to approximately HK\$40.2 billion in 2019, representing a CAGR of approximately 5.5% and is forecasted to reach approximately HK\$51.1 billion in 2025 with a CAGR of approximately 4.0% from 2020 to 2025. With the continued growth of property development market in Hong Kong, market for facility and venue management services, car parking rental and management services and cleaning services market maintain a stable growth rate. The facility and venue management services market is the largest part of the facility management services market in Hong Kong. The cleaning services market recorded a growth from approximately HK\$10.4 billion in 2015 to approximately HK\$13.8 billion in 2019, representing a CAGR of approximately 7.3%, while the car parking rental and management services market increased from approximately HK\$4.9 billion in 2015 to approximately HK\$6.0 billion in 2019, representing a CAGR of approximately 5.2%.

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

Looking ahead, the Group will continue to carry out its proven business strategies, and expand customer base by delivering high-quality services to meet their changing needs. In addition, to cope with the macroeconomic uncertainties aroused by the global outbreak of COVID-19 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.

USE OF PROCEEDS FROM THE LISTING

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

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 March 2021, the Group had partially utilised the Net Proceeds in the manner consistent with that mentioned in the section headed “Statement of Business Objectives and Use of Proceeds” of the prospectus of the Company dated 30 September 2019 (the “Prospectus”):

	Actual net proceeds from the GEM Listing (HK\$'000)	Amount utilised as at 31 March 2021 (HK\$'000)	Amount unutilised as at 31 March 2021 (HK\$'000)	Expected timetable for the usage of the unutilised Net Proceeds as at 31 March 2021
Expanding our business in security services				
(i) Recruitment of security service personnel	5,600	2,800	2,800	N/A
(ii) Contract securities	7,600	5,300	2,300	On or before 31 March 2022
(iii) Acquisition of patrol vehicles	1,000	318	682	On or before 31 March 2022
	14,200	8,418	5,782	
Enhancing our capability in providing facility management services				
(i) Acquisition of machines and equipment	4,100	–	4,100	On or before 31 March 2023
(ii) Expansion of our operation team and sales and marketing team	1,000	156	844	On or before 31 March 2022
	5,100	156	4,944	
Improving operational efficiency and scalability				
(i) Upgrade of information technology infrastructure	3,000	183	2,817	On or before 31 March 2023
(ii) Establishment of a control room	2,000	–	2,000	On or before 31 March 2022
	5,000	183	4,817	
Payment for outstanding bank loan	4,500	4,500	–	N/A
General working capital	3,200	1,920	1,280	N/A
	32,000	15,177	16,823	

As at 31 March 2021, approximately HK\$15.2 million of the Net Proceeds from the GEM Listing had been utilised.

Given that (i) the outbreak of COVID-19 and the Group’s failure to secure new facility management services tenders submitted as of the year ended 31 March 2021 which affected its plan to acquire machines and equipment to enhance its capability in providing facility management services; and (ii) the outbreak of COVID-19 which hindered the installation of the mobile application modules to improve operational efficiency and scalability, after due and careful consideration, the Directors have decided to delay, for 12 months, the planned use of the unused Net Proceeds in relation to (i) the acquisition of machines and equipment; and (ii) the upgrade of information technology infrastructure, whereby such unused net proceeds are expected to be fully utilised by 31 March 2023.

As at the date of this report, save as the above-mentioned adjustments, there was no change in the intended use of Net Proceeds and the expected timetable as previously disclosed in the section headed “Statement of Business Objectives and Use of Proceeds” of the Prospectus. The unutilised Net Proceeds of approximately HK\$16.8 million have been placed as interest-bearing deposits with licensed banks in Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. MA Ah Muk (馬亞木), aged 90, 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**”) and IWS Tunnel Management Limited (“**IWS Tunnel Management**”) 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 the 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 65, 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 and IWS Tunnel Management since their respective date of incorporation and the director of IWS Carpark (JV 1) Limited ("**IWS Carpark (JV)**") since 14 March 2019. Since the founding of the Group, with the assistance of the Group's senior management who possess in-depth industry knowledge expertise in various areas including security services and facility management services, Mr. KS Ma along with the other executive Directors oversees the overall corporate and business strategic formulation of the Group.

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

Mr. MA Kiu Mo (馬僑武), aged 63, 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 and IWS Tunnel Management since their respective date of incorporation. Since the founding of the Group, with the assistance of the Group's senior management who possess in-depth industry knowledge expertise in various areas including security services and facility management services, Mr. KM Ma along with the other executive Directors oversees the overall corporate and business strategic formulation of the Group. Mr. KM Ma attended secondary school education in Hong Kong in 1975.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ma Kiu Man, Vince (馬僑文), aged 59, 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 and IWS Tunnel Management since their respective date of incorporation. Since the founding of the Group, with the assistance of the Group's senior management who possess in-depth industry knowledge expertise in various areas including security services and facility management services, Mr. Vince Ma along with the other executive Directors oversees the overall corporate and business strategic formulation of the Group.

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

Mr. MA Yung King, Leo (馬雍景), aged 32, 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 has been a non-executive director of Niche-Tech Group Limited ("**Niche-Tech**"), a company listed on GEM of the Stock Exchange (stock code: 8490) and is the holding company of Niche-Tech (HK), from September 2017 to March 2021. He was responsible for the overall strategic planning of Niche-Tech.

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



DIRECTORS AND SENIOR MANAGEMENT

Independent non-executive Directors

Dr. NG Ka Sing, David (吳家聲) (“Dr. Ng”), aged 64, 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 2018. 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, which was subsequently renewed for another four years from 2020. 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 he was re-appointed as a Member of the said Committee for the period from April 2020 to March 2022.

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 was also appointed as an Honourary Advisory to the Hong Kong Police College from January 2020 to December 2021.

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 53, 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 35, 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 five 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 GEM of the Stock Exchange, from August 2016 to July 2017. Prior to joining K.B. Chau & Co., Mr. Yau was the operation director of Media Savvy Marketing Limited, a wholly-owned subsidiary of OOH Holdings Limited since 2006 and principally engaged in provision of advertising display services, from June 2006 to June 2013. Since April 2020, Mr. Yau has rejoined Media Savvy Marketing Limited as a general manager.

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

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

Mr. KWONG Tat Man (鄺達文) (“Mr. James Kwong”), aged 62, 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 31 years of experience in the property management industry and manned security services industry. Prior to joining the Group, he joined The Link Management Limited (currently known as Link Asset Management Limited) as a portfolio manager from October 2006 to March 2015, and was promoted to senior portfolio manager of the property management department from April 2015 to October 2016. During the period from December 1980 to October 2006, Mr. James Kwong worked at various property management companies and 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, a member of the Chartered Institute of Housing in November 2003, and a member of The Chartered Institute of Logistics and Transport in March 2021. He has obtained the Property Management Practitioner (Tier 1) License which is valid from 25 February 2021 to 24 February 2024.

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 51, 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 38, joined the Group as the financial controller in April 2018. He is primarily responsible for overseeing the overall financial operation and company secretarial matters of the Group.

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

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

COMPANY SECRETARY

Mr. Wong Chi Kong (王志剛), aged 38, 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 2021.

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 GEM Listing Rules. During the year ended 31 March 2021, 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.

The Board convened four Board meetings during the year ended 31 March 2021 to consider and approve the audited annual results, unaudited interim results and the unaudited first and third quarterly results of the Group. The Company expects to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision 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 2021.

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

The Company has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to the requirements of the Rule 5.09 of 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 GEM Listing Rules for the year ended 31 March 2021 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 diversity in the board in order to have a balance of skills, experience and diversity of perspectives in accordance with the business nature of the Company and thereby enhances the effectiveness of the Board.

The Company’s Board members have a balanced mix of experience and backgrounds, including but not limited to experience in the security services, facility management services, accounting, and legal industries. Such members obtained degrees in various majors including mechanical engineering, social sciences, accounting and finance, and law. The Board has three independent non-executive Directors with different industry backgrounds, and they together represent a third of the members of the Board. Moreover, the Company’s Board members are comprised of a wide range of ages, ranging from 32 years old to 90 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 2021.

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 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 2021 are set out in the table below:

Name of Directors	Meetings attended/Eligible to attend					Risk Management Committee	Annual General Meeting
	Board	Audit Committee	Nomination Committee	Remuneration Committee			
Executive Directors							
Mr. Ma Ah Muk	4/4	N/A	1/1	2/2	N/A	1/1	
Mr. Ma Kiu Sang	4/4	N/A	1/1	N/A	1/1	1/1	
Mr. Ma Kiu Mo	4/4	N/A	N/A	N/A	N/A	1/1	
Mr. Ma Kiu Man, Vince	4/4	N/A	N/A	N/A	N/A	1/1	
Mr. Ma Yung King, Leo	4/4	N/A	N/A	N/A	1/1	1/1	
Independent non-executive Directors							
Dr. Ng Ka Sing, David	4/4	6/6	1/1	2/2	1/1	1/1	
Ms. Chang Wai Ha	4/4	6/6	1/1	2/2	1/1	1/1	
Mr. Yau Siu Yeung	4/4	6/6	1/1	2/2	1/1	1/1	

Four Board meetings and six Audit Committee meetings were held during the year ended 31 March 2021. The Board convened four Board meetings during the year ended 31 March 2021 to consider and approve the audited annual results, unaudited interim results and the unaudited first and third quarterly results of the Group. The Company expects to convene at least four regular Board meetings in each financial year at approximately quarterly intervals in accordance with code provision 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 Committee**") in compliance with 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 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 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 year ended 31 March 2021, six meetings of the Audit Committee were held to review the Group's annual, interim, the first and the third quarterly results, the financial reporting and compliance procedures, the effectiveness of the risk management and internal control systems and considering the re-election of auditor. The meetings were attended by the Company's external auditor so that members of the Audit Committee could exchange their views and concerns on the financial reporting process of the Group with the auditor.

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 the Directors on the policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) making recommendations to the Board on the terms of the individual remuneration package of executive Directors and senior management; (iii) making recommendations to the Board on the remuneration of independent non-executive Directors; and (iv) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time.

During the year ended 31 March 2021, 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 members of the senior management by band for the year ended 31 March 2021 is set out below:

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

Details of the amount of Directors' emoluments for the year ended 31 March 2021 are set out in note 10 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 GEM Listing Rules and whether the candidate would be considered independent with reference to the guidelines on independence as set out in 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 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 2021, no new Director was appointed.

During the year ended 31 March 2021, one meeting of the Nomination Committee was held to review the structure, size and composition of the Board and the expertise and independence of the independent non-executive Directors, to review the board diversity policy to ensure its effectiveness and considered that the Group has achieved the objectives of the board diversity policy during the year ended 31 March 2021, 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 year ended 31 March 2021, one meeting of the Risk Management Committee was held 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 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 2021, 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 2021, 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 2021.



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 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 during the year ended 31 March 2021. 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 2021, the remuneration paid/payable in respect of audit services and non-audit services provided by Deloitte Touche Tohmatsu ("**Deloitte**") are set out below:

Services rendered to the Group	Fees paid and payable HK\$'000
Audit services: 2021 annual audit	1,200
Non-audit services:	
— review the interim financial information of the Group for the six months ended 30 September 2020	308
— other services	30
	1,538

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

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 61 to 64.

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 2021. 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 GEM Listing Rules. Any results of the poll will be published on both GEM website and the Company's website. All corporate communication with Shareholders will be posted on the Company's website for Shareholders' information.

During the year ended 31 March 2021, an annual meeting was held on 23 September 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 GEM Listing Rules and the poll voting results will be posted on 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 2021, Mr. Wong has confirmed that he has taken no less than 15 hours of relevant professional training in compliance with Rule 5.15 of 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 2021.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of security services and facility management services in Hong Kong. The Company engages in the provision of manpower support services and is an investment holding company. Details of the principal activities of the subsidiaries are disclosed in note 31 to the consolidated financial statements. There were no significant changes on the Group’s principal activities during the year ended 31 March 2021.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting is scheduled to be held on Friday, 17 September 2021 (the “2021 AGM”). Notice of the 2021 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 2021 are set out in the consolidated statement of profit or loss and other comprehensive income on page 65 of this report.

The Board recommends the payment of a final dividend of HK3.25 cents per ordinary share for the year ended 31 March 2021 (31 March 2020: HK2 cents per ordinary share) (the “FY2021 Proposed Final Dividend”). The FY2021 Proposed Final Dividend, if approved, shall be payable on Wednesday, 13 October 2021 and is subject to the approval of the shareholders of the Company at the 2021 AGM. The shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 30 September 2021 will be entitled to the FY2021 Proposed Final Dividend.

CLOSURE OF REGISTER OF MEMBERS

a. For determining the entitlement of the shareholders to attend and vote at the 2021 AGM

The register of members of the Company will be closed from Tuesday, 14 September 2021 to Friday, 17 September 2021 (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 2021 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 Monday, 13 September 2021.

DIRECTORS' REPORT

b. For determining the entitlement to the FY2021 Proposed Final Dividend

The register of members of the Company will be closed from Friday, 24 September 2021 to Thursday, 30 September 2021 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the FY2021 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 Thursday, 23 September 2021.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the consolidated financial statements, is set out on page 112 of this 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 2021 are set out in note 4 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 March 2021 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTION SCHEMES

There was no movement in the Company's share capital during the year ended 31 March 2021.

Details of the Company's share capital and share option schemes are set out in notes 24 and 33 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 2021 are set out in the consolidated statement of changes in equity and in note 30 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 2021 are set out in note 25 to the consolidated financial statements. Those related party transactions which constituted connected transactions/continuing connected transactions under 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 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 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 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 by the Group for each of the years ended or ending 31 March 2020, 31 March 2021 and 31 March 2022 should not exceed HK\$22.0 million, HK\$25.0 million and HK\$28.0 million, respectively.

Given that the applicable percentage ratios for the non-exempt continuing connected transactions calculated with reference to Rule 19.07 of 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 GEM Listing Rules.

Pursuant to Rule 20.103 of 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\$21.0 million for the year ended 31 March 2021 (2020: approximately HK\$20.4 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 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 GEM Listing Rules.

DISTRIBUTABLE RESERVES

As at 31 March 2021, 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\$84.2 million. This includes the Company's share premium in the amount of approximately HK\$80.8 million at 31 March 2021, 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 2021, revenue attributable to the Group's five largest customers accounted for approximately 82.1% (2020: 91.7%) of the Group's total revenue for the year and revenue attributable to the Group's largest customer amounted to approximately 41.7% (2020: 71.5%) 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 2021 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 to 7 and pages 8 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 2021 was generated from contracts with the Railway Corporation and the government of Hong Kong in particular, the XRL Contracts (contracts relating to Guangshen'gang XRL) and the Collection and Delivery Services Contracts. If the XRL and the Collection and Delivery Services Contracts are not renewed or if the Group cannot maintain its business relationship with Railway Corporation and the government of Hong Kong, the Group's business, results of operations and financial condition may be adversely affected.

Risk relating to the Group's industry

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

Risks relating to conducting business in Hong Kong

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

Financial risks

Details of financial risks are set out in note 28 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 60 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 2021, 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 2021, 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 2021 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 2021 AGM, Mr. Ma Kiu Mo, Mr. Ma Kiu Man, Vince and Dr. Ng Ka Sing, David 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 GEM Listing Rules. The Company considers that all of the independent non-executive Directors are independent pursuant to Rule 5.09 of GEM Listing Rules.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the 2021 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 10 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 33 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 2021 and as at the end of the year ended 31 March 2021 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 25 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 2021.

MANAGEMENT CONTRACTS

During the year ended 31 March 2021, 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 26 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 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 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 2021.



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 33.3% 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 33.3% owned by Mandarin, a company wholly owned by Mr. KM Ma.

Note 4: The disclosed interest represents the interest in IWS BVI, the associated corporation which is 33.3% owned by Cambridge, a company wholly owned by Mr. Vince Ma.

DIRECTORS' REPORT

Save as disclosed above, as at 31 March 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.

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

Insofar it is known to the Directors, as at 31 March 2021, the following persons or entities (not being Directors or chief executives of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the shares or underlying shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in the shares of the Company

Name of Shareholder	Nature of interest/holding capacity	Number of ordinary Shares held	Approximate percentage of issued share capital of the Company ⁽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 2021.

Save as disclosed above and so far as is known to the Directors, as at 31 March 2021, 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 (the “**Prospectus**”).

As at 31 March 2021, no share option has been granted or agreed to be granted under the Share Option Scheme.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2021.

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 this report, at no time during the year ended 31 March 2021 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 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.

In the opinion of the Board, the Company has complied with the code provisions in the CG Code for the year ended 31 March 2021.

COMPETING INTERESTS

During the year ended 31 March 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 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 GEM Listing Rules for the year ended 31 March 2021.

SEGMENT INFORMATION

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

DIRECTORS' REPORT

EVENT AFTER THE REPORTING PERIOD

Up to the date of this report, there was no significant event relevant to the business or financial performance of the Group that came to the attention of the Directors after the year ended 31 March 2021.

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 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 GEM Listing Rules.

INDEPENDENT AUDITOR

The consolidated financial statements of the Group for the year ended 31 March 2021 were audited by Deloitte Touche Tohmatsu, the independent auditor of the Company, who shall retire and, being eligible offer itself for the re-appointment at the 2021 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 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, 28 May 2021

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 2020 to 31 March 2021 (the “**Year**” or “**2020/21**”). The ESG Report elaborates on the various works of the Company and its subsidiaries (collectively the “**Group**” or “**we**”) in fulfilling the principle of sustainable development and their performance in social responsibilities during the Year. The Group will continue to strengthen its efforts in information collection in order to enhance the performance on environmental and social aspects and to disclose related information in the future.

Scope of the Report

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

Reporting Framework

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

Reporting Principles

The content of the ESG Report is determined through stakeholder engagement and materiality assessment process, which includes identifying ESG-related issues, collecting and reviewing the management and stakeholders’ opinions, assessing the relevance and materiality of the issues and preparing and validating the information reported. The ESG Report has covered all key issues that are concerned by different stakeholders.

Quantitative environmental and social KPIs are disclosed in the ESG Report so that stakeholders are able to have a comprehensive understanding of the Group’s ESG performance. Information of the standards, methodologies, references and sources of key emission of these KPIs are stated wherever appropriate. To enhance comparability of the ESG performance between years, the Group has strived to adopt consistent reporting and calculation methodologies as far as reasonably practicable. For any changes in methodologies, the Group has presented and explained in details in the corresponding sections.

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD STATEMENT

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

The Board understands that it is essential to set ESG approach and strategy according to the importance of ESG issues towards the Group and its stakeholders, therefore the Board has assigned a third-party ESG professional to conduct materiality assessment on ESG issues. To identify the material issues, internal stakeholder surveys have been carried out, and industry-specific issues were considered by using materiality maps together with professional advice. Directors have also participated in the engagement exercise and provided constructive opinions in determining the material ESG issues. The Board is well informed about the results and will keep reviewing the engagement channels and exercise.

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

MATERIALITY ASSESSMENT

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

Stakeholders	Expectations and Requirements	Means of Communication and Response
Government and Regulators	<ul style="list-style-type: none"> Complying with local policies, laws and regulations 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 Dedicated reports
Shareholders	<ul style="list-style-type: none"> Returns Rising company value Transparent information and effective communication 	<ul style="list-style-type: none"> Shareholders conferences Announcements Email, telephone communication and company website Dedicated reports
Business Partners	<ul style="list-style-type: none"> Operational integrity Equal rivalry Performance of contracts Mutual benefits and win-win situations 	<ul style="list-style-type: none"> Business communications Exchanges and discussions
Customers	<ul style="list-style-type: none"> Outstanding services Health and safety Performance of contracts Operational integrity 	<ul style="list-style-type: none"> Customer communication meetings
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

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

Employment and Labour Practices

Training and development
Employees' rights and benefits

Occupational health and safety
Employment engagement, diversity and inclusion

Operating Practices

Service quality management

Business ethics

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 directly generate industrial exhaust gas, while some exhaust gases may have arisen from use of 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. To further reduce emissions, the Group also interacts with stakeholders by telephone and email to reduce unnecessary business travels. 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 handled by the property management office. The hazardous wastes produced by the Group, such as toner cartridges, are collected and handled safely by suppliers. In order to reduce waste generated during operation, the Group places recycling boxes at prominent positions in the office to collect single-side papers, envelopes and file folders for re-use and purchases consumables with refill pack as far as possible.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Resources Conservation

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

The Group employs multiple energy saving initiatives to improve the operating efficiency of equipment or devices and reduce energy consumption. In terms of lighting system, the Group has separated light switches for different light zones, keeps the lighting fixture clean and installs LED lightings to replace traditional fluorescent light tubes and reminds employees to switch off unnecessary lights. To reduce the use of air conditioning, employees are required to switch off the air-conditioners during non-working hours and allowed to dress casually. Room temperature is maintained at 25.5 degree Celsius at all time, and employees are encouraged to turn on fans rather than air-conditioners depending on weather condition. Air conditioning systems are also cleaned regularly to enhance their operation efficiency. The Group also encourages employees to set the computers to automatic standby or sleep mode and to turn off unused electrical devices before leaving the office.

The Group does not consume significant volume of water through its business activities, and therefore its business activities did not generate material portion of discharges into water. Since the water supply and discharge facilities are provided and managed by property management company, the Group does not have access to water consumption records. Meanwhile, the Group has put effort to reduce water consumption, such as closing faucets after use and contacting property management immediately when dripping from water supply equipment is being discovered. During the Year, the Group did not face any difficulties in sourcing water.

Green Operation

The greenhouse gas emissions of the Group are composed of direct emissions from the use of vehicles, indirect emissions from purchased electricity, and other indirect emissions from methane gas generated 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. To enhance employee's awareness on environmental conservation and develop a usual practice, the Group arranges training courses organised by green groups or other professionals whenever possible. Promotions to environmental protection are delivered by means of emails, notices and meetings within the Group.

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.

Responding to Climate Change

Responding to climate change and managing carbon emissions is one of the most concerned environmental issues at present, and the Group recognises its responsibility in rectifying the situation. Although the Group has not discovered any climate change-related risks during the Year, it has formulated corresponding work arrangements and measures in response to severe weather conditions, such as typhoons and rainstorms. The Group will issue safety warnings in a timely manner to notify employees and staff working outside of the relevant special work arrangements to ensure the safety of employees. The Group will continue to keep track of climate-related issues and assess and monitor climate-related risks to optimise its management from time to time.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT AND LABOUR PRACTICES

Employment Guidelines

As the security services industry and facility management services industry are labour intensive industries, we believe our continued success depends in part upon our ability to maintain a stable team of operational workforce to deliver consistent and quality services to our customers. The Group complies with the relevant labour laws and regulations, including but not limited to the Employment Ordinance (Chapter 57 of the laws of Hong Kong) and Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong), 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 valid identification document to prevent employing child labour. If any improper conduct is discovered, the Group will immediately investigate the case thoroughly. In addition, we check the validity of the Security Personnel Permit against the list of revoked Security Personnel Permit as provided by the Police Licensing Office of the Hong Kong Police Force in the case of security personnel. All the employment terms and conditions, including the work location, scope of work, working hours, are specified in the employment letter, so as to assure employees of sufficient rest time and prevent forced labour. Upon the receipt of employee's resignation, an exit interview will be arranged for the employee to better understand his or her reason of quitting. The Group is determined in constantly improving the quality of the management through the analysis of exit survey results and monitoring staff turnover.

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

Salary and Benefits

The Group strives to listen to employees' constructive feedback and stimulate their productivity. A comprehensive performance appraisal system is in place to assess employees' performance on a regular basis in terms of employees' working performance, technical knowledge, management skills and communication skills of employees and so on. 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 minimised employee activities so as to prevent the spreading of Coronavirus Diseases 2019 ("COVID-19") at workplace. The Group will strive to recognise employees' hard work, enhance their sense of belongings to the Group and promote work-life balance culture through other means.

Health and Safety

The Group is devoted to providing and maintaining a healthy and safe workplace for employees and other persons likely to be affected by its business operations through abiding by relevant laws such as the Occupational Safety and Health Ordinance (Chapter 509 of the laws of Hong Kong). Health and safety standards are given prime consideration in our operations and regulatory compliance is strongly upheld by the Group.

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

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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.

Response to COVID-19

In light of the outbreak of COVID-19 worldwide, the Group has strictly abided to relevant preventive regulations carried out by the government, and has implemented various control and preventive measures to ensure the health and well-being of employees. For instance, disinfection and thorough cleaning were arranged every two months for the offices, as well as kept the office ventilated and maintained social distance among employees. Employees and visitors at office premises were required to wear face masks as well as to take body temperature measurement before entry. In addition, we provided the guideline for the prevention of COVID-19 so as to improve employees' awareness. If any suspected or confirmed cases are reported, the relevant workplace will be closed immediately. We will arrange thorough disinfection and follow-up with infection control measures issued by the government. During the Year, the Group had no COVID-19 cases 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. During the Year, the number and rate of work-related fatalities occurred in each of the past three years including the Year and the number of work injuries and lost days due to work injury are as follows:

Indicators	2020/21	2019/20	2018/19
Number of work-related fatalities	0	0	0
Rate of work-related fatalities (%)	0	0	0
Number of work injuries	23	14	10
Lost days due to work injuries (day)	483	420	130

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. Our suppliers are selected after obtaining quotations for comparison. The comparison analysis would be recorded with the approval of our management. The Group will also prioritise local suppliers with environmental management certification and purchase products which are more environmentally friendly. For new suppliers, audits and background checks, such as the obtaining of corporate documents, are also carried out. The contract terms in relation to transactions between suppliers and the Group are generally set out in sales order or contract and include type and scope of services or type and model of goods, in order to safeguard the rights and benefits of both parties. During the Year, there were 26 suppliers which were all located in Hong Kong.

Service Quality

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

Quality Customer Services

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

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, 9 members from the Board and the company secretary of the Group participated in an internal anti-corruption training for 9 hours in total.

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 environmental and social KPIs for the Group's office and car parks in Hong Kong are as follows:

Environmental Indicators	2020/21	2019/20
Exhaust Gases (Note 1)		
Nitrogen oxides (kg)	2.90	5.62
Sulphur oxides (kg)	0.06	0.11
Particulate matter (kg)	0.21	0.41
Greenhouse Gases		
Total greenhouse gas emissions (tonnes CO ₂ e)	30	42
Greenhouse gas emissions per HKD million (tonnes CO ₂ e/million HKD)	0.08	0.09
Scope 1 – Direct emissions (Note 2) (tonnes CO ₂ e)	12	20
Scope 2 – Energy indirect emissions (Note 3) (tonnes CO ₂ e)	9	13
Scope 3 – Other indirect emissions (Note 4) (tonnes CO ₂ e)	9	9
Wastes		
Total hazardous waste produced (Note 5) (kg)	4	9
Hazardous waste produced per HKD million (kg/million HKD)	0.01	0.02
Total non-hazardous waste produced (Note 6) (kg)	3,602	3,478
Non-hazardous waste produced per HKD million (kg/million HKD)	9.82	7.22
Use of Resources		
Total energy consumption (MWh)	67	96
Energy consumption per HKD million (MWh/million HKD)	0.18	0.20
Gasoline (Note 7) (MWh)	42	71
Purchased electricity (Note 8) (MWh)	25	25

Notes:

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Indicators

2020/21

Employment

Total number of employees (<i>Note 1</i>)	2,042
<i>By gender</i>	
Male	738
Female	1,304
<i>By age group</i>	
Below 30 years old	162
30 to 50 years old	682
Above 50 years old	1,198
<i>By type of employment</i>	
Full-time	1,495
Part-time	547
<i>By Geographical Region</i>	
Hong Kong	2,042
Others	0
Turnover rate (<i>Note 2</i>)	
<i>By gender</i>	
Male	24%
Female	33%
<i>By age group</i>	
Below 30 years old	38%
30 to 50 years old	31%
Above 50 years old	28%
<i>By Geographical Region</i>	
Hong Kong	30%

Development and Training

Average training hours completed (Percentage of employees trained) (*Note 3*)

<i>By gender</i>	
Male	1.4 (100%)
Female	1.1 (100%)
<i>By categories of employees</i>	
Management	16.8 (100%)
Operations	10.2 (100%)
Sales and marketing	3.0 (100%)
Human resources and finance	1.4 (100%)
Frontline	1.0 (100%)

Notes:

- (1) The Group starts to disclose the total number of employees by gender, age group, type of employment and geographical region in the Year.
- (2) The Group starts to disclose the turnover rate in the Year.
- (3) The Group starts to disclose the average training hours completed and the percentage of employees trained by gender and categories of employees in the Year.

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	49
		Emissions	49
	Information on:	Green Operation	50
	(a) the policies; and	Responding to Climate Change	50
	(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	49
		Emissions	49
	Policies on the efficient use of resources, including energy, water and other raw materials.	Resources Conservation	50
Aspect A3: The Environment and Natural Resources	General Disclosure	Environmental Protection	49
		Emissions	49
	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Resources Conservation	50

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Summary	Sections	Page
Social			
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure	Employment and Labour Practices	51
	Information on:	Employment Guidelines	51
	(a) the policies; and	Salary and Benefits	51
	(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	51
	Information on:	Health and Safety	52
	(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	51
	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training	53
Aspect B4: Labour Standards	General Disclosure	Employment and Labour Practices	51
	Information on:	Employment Guidelines	51
	(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.		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Summary	Sections	Page
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure	Operating Practices	54
	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	54
Aspect B6: Product Responsibility	General Disclosure	Operating Practices	54
	Information on:	Service Quality	54
	(a) the policies; and	Quality Customer Services	54
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer	Privacy Protection	55
	relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Protecting Intellectual Property	55
Aspect B7: Anti-corruption	General Disclosure	Operating Practices	54
	Information on:	Anti-corruption	55
	(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	55
	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 65 to 111, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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.

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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 financial significance to the consolidated financial statements as a whole.</p> <p>The Group provides general manned guarding services, event and crisis security services and manpower support services at railway stations and facilities, sea, land and railway immigration control points and public amenities and during large-scale events and emergency and critical incidents in Hong Kong. As disclosed in note 4 to the consolidated financial statements, the revenue recognised from provision of security services was HK\$336,856,000 for the year ended 31 March 2021, which represents approximately 92% 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 analytical review of revenue on disaggregated basis and enquiring the revenue trend by corroboration with management explanations.

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, actions taken to eliminate threats or safeguards applied.

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

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

28 May 2021



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	NOTES	2021 HK\$'000	2020 HK\$'000
Revenue	4	365,833	481,571
Other income	5	1,661	508
Other gains and losses, net	5	32	1,212
Impairment losses on financial assets, net	6	(47)	(833)
Employee benefit expenses	7	(249,988)	(388,463)
Selling and marketing expenses		(1,141)	(2,142)
Other operating expenses	7	(38,759)	(14,144)
Listing expenses	7	(4,655)	(15,525)
Finance costs	8	(130)	(2,066)
Profit before taxation		72,806	60,118
Income tax expense	9	(6,594)	(13,030)
Profit and total comprehensive income for the year		66,212	47,088
Profit (loss) and total comprehensive income (expense) for the year attributable to:			
Owners of the Company		66,213	47,088
Non-controlling interests		(1)	–
		66,212	47,088
Earnings per share			
Basic (<i>HK cents</i>)	12	8.28	6.84
Diluted (<i>HK cents</i>)	12	N/A	6.84

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

	NOTES	2021 HK\$'000	2020 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,332	1,527
Right-of-use assets	14	3,419	452
Finance lease receivables	15	607	1,308
Deposits	16	9,605	6,759
Deferred tax asset	17	46	46
		15,009	10,092
CURRENT ASSETS			
Trade and other receivables and deposits	16	100,372	120,004
Finance lease receivables	15	701	673
Amount due from a non-controlling shareholder of a subsidiary	18	2	2
Amount due from a related company	18	303	112
Tax recoverable		8,173	401
Bank balances and cash	19	127,159	78,874
		236,710	200,066
CURRENT LIABILITIES			
Trade and other payables and accrued expenses	20	43,587	35,193
Amount due to a related company	21	93	94
Lease liabilities	22	1,703	712
Bank borrowings	23	–	12,000
Tax payables		1,721	9,532
		47,104	57,531
NET CURRENT ASSETS		189,606	142,535
TOTAL ASSETS LESS CURRENT LIABILITIES		204,615	152,627
NON-CURRENT LIABILITIES			
Lease liabilities	22	2,304	528
Other liabilities	20	123	123
		2,427	651
NET ASSETS		202,188	151,976
CAPITAL AND RESERVES			
Share capital	24	8,000	8,000
Reserves		194,189	143,976
Equity attributable to owners of the Company		202,189	151,976
Non-controlling interests		(1)	–
TOTAL EQUITY		202,188	151,976

The consolidated financial statements on pages 65 to 111 were approved for issue by the Board of Directors on 28 May 2021 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 2021

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Share premium	Merger reserve	Retained earnings	Subtotal		
	(Note 24)		(note i)				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 1 April 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
Profit (loss) and total comprehensive income (expense) for the year	–	–	–	66,213	66,213	(1)	66,212
Dividend (Note 11)	–	–	–	(16,000)	(16,000)	–	(16,000)
At 31 March 2021	8,000	80,804	(31,714)	145,099	202,189	(1)	202,188

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 certain subsidiaries of the Group exchanged in connection with the group reorganisation carried out prior to the listing of the Company.
- (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 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 2021

	2021 HK\$'000	2020 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	72,806	60,118
Adjustments for:		
Depreciation of property, plant and equipment	774	714
Depreciation of right-of-use assets	1,455	1,678
Impairment losses on financial assets, net	47	833
(Gain) loss on disposal of property, plant and equipment	(32)	20
Gain on sub-leasing of car parks	–	(1,232)
Bank interest income	(59)	(168)
Finance costs	130	2,066
Operating cash flows before movements in working capital	75,121	64,029
Decrease (increase) in trade and other receivables and deposits	16,739	(13,158)
Decrease in finance lease receivables	673	54
Increase in trade and other payables and accrued expenses	8,418	1,231
Increase in other liabilities	–	123
Cash generated from operations	100,951	52,279
Hong Kong Profits Tax paid	(22,177)	(9,114)
NET CASH FROM OPERATING ACTIVITIES	78,774	43,165
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	32	1
Purchase of property, plant and equipment	(579)	(256)
Interest received	59	168
Advances to a related company	(5,576)	(5,562)
Repayments from a related company	5,385	6,410
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(679)	761
FINANCING ACTIVITIES		
Advances from a related company	148	20,194
Repayments to a related company	(149)	(20,206)
New bank borrowings raised	–	126,000
Repayment of bank borrowings	(12,000)	(171,000)
Repayment of lease liabilities	(1,655)	(1,693)
Interest paid	(154)	(2,068)
Proceeds from issuance of shares	–	64,000
Transaction costs attributable to issue of shares	–	(7,375)
Dividend paid	(16,000)	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(29,810)	7,852
NET INCREASE IN CASH AND CASH EQUIVALENTS	48,285	51,778
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	78,874	27,096
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	127,159	78,874

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

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 Company's immediate and ultimate holding company is IWS Group Holdings Limited, a company incorporated in the British Virgin Islands (the "BVI") with limited liability, shareholders of which are the respective wholly owned entities of Mr. Ma Kiu Sang ("Mr. KS Ma"), Mr. Ma Kiu Mo ("Mr. KM Ma") and Mr. Ma Kiu Man, Vince ("Mr. Vince Ma"). 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 the annual report.

The Company is engaged in the provision of manpower support services and investment holding. Details of the principal activities of the subsidiaries are disclosed in note 31.

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

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 April 2020 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

2. 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 and the related Amendments ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁵
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ⁶
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2021

⁴ Effective for annual periods beginning on or after a date to be determined

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

⁶ Effective for annual periods beginning on or after 1 April 2021

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

3. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 "Leases" ("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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

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 and cleaning services is recognised over time on a straight-line basis over the period of service as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. 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

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 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 or modification 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

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. Non-lease components are separated from lease components and are accounted for by applying other applicable standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Short-term leases

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

Right-of-use assets

The cost of right-of-use 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

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.

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.

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as lessor (Continued)

Classification and measurement of leases (Continued)

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.

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

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.

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 related to income 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. Government grants relating to compensation of expenses are deducted from the related expenses.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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.

Short-term employee benefits

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Financial instruments

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at fair value.

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.

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 assessment under HKFRS 9 (including trade receivables, deposits and other receivables, finance lease receivables, amounts due from a non-controlling shareholder of a subsidiary and a related company and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition. The Group recognises an impairment gain or loss in profit or loss through a loss allowance account.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. 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)

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

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. 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)

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. 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)

(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. Financial assets 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.

(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 and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Financial liabilities

Financial liabilities (including trade and other payables, other liabilities, amount due to a related company 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 asset expire. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises 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.

4. REVENUE AND SEGMENT INFORMATION

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

4. REVENUE AND SEGMENT INFORMATION (Continued)

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

	2021 HK\$'000	2020 HK\$'000
Types of services		
Provision of:		
General manned guarding services	160,147	344,726
Event and crisis security services	–	698
Manpower support services	176,709	106,735
Property management services	18,679	18,479
Car park management services	8,373	8,499
Cleaning services	1,859	1,997
Rental of car parks	–	431
Interest income from sub-leasing of car parks	66	6
Total	365,833	481,571
Timing of revenue recognition under HKFRS 15		
— Over time	365,767	481,134
Rental income	–	431
Interest income	66	6
Total	365,833	481,571

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 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, rental of car parks and interest income from sub-leasing of car parks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results

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

	Security services HK\$'000	Facility management services HK\$'000	Elimination HK\$'000	Total HK\$'000
Year ended 31 March 2021				
Revenue				
External revenue	336,856	28,977	–	365,833
Inter-segment revenue	14,711	7,826	(22,537)	–
	351,567	36,803	(22,537)	365,833
Segment results	103,399	16,106	–	119,505
Other income and gains				1,693
Impairment losses on financial assets, net				(47)
Other corporate expenses				(43,560)
Listing expenses				(4,655)
Finance costs				(130)
Profit before taxation				72,806
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 financial assets, net				(833)
Other corporate expenses				(43,688)
Listing expenses				(15,525)
Finance costs				(2,066)
Profit before taxation				60,118

Inter-segment sales are charged at prevailing market rates.

Segment results represent profits earned from each segment without allocation of other income, certain other gains and losses, net impairment losses on financial assets, 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 CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

4. REVENUE AND SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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

	Security services HK\$'000	Facility management services HK\$'000	Elimination HK\$'000	Total HK\$'000
Year ended 31 March 2021				
Provision of:				
General manned guarding services	160,147	–	–	160,147
Manpower support services	176,709	–	–	176,709
Property management services	–	18,679	–	18,679
Car park management services	–	8,373	–	8,373
Cleaning services	–	1,859	–	1,859
Sub-total	336,856	28,911	–	365,767
Interest income from sub-leasing of car parks	–	66	–	66
Consolidated revenue	336,856	28,977	–	365,833
Inter-segment revenue	14,711	7,826	(22,537)	–
Total	351,567	36,803	(22,537)	365,833
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 2021

4. REVENUE AND SEGMENT INFORMATION (Continued)

Other segment information

	Security services HK\$'000	Facility management services HK\$'000	Segment total HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amount included in the measure of segment results:					
Year ended 31 March 2021					
Employee benefit expenses	209,669	12,871	222,540	27,448	249,988
Year ended 31 March 2020					
Employee benefit expenses	344,113	16,948	361,061	27,402	388,463

Geographical information

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

	2021 HK\$'000	2020 HK\$'000
Customer A ¹	152,474	344,452
Customer B ²	131,848	80,693

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

² Revenue from security services segment.

5. OTHER INCOME/OTHER GAINS AND LOSSES, NET

	2021 HK\$'000	2020 HK\$'000
Bank interest income	59	168
Insurance received	962	130
Others	640	210
Other income — total	1,661	508
Gain (loss) on disposal of property, plant and equipment	32	(20)
Gain on sub-leasing of car parks	—	1,232
Other gains and losses, net — total	32	1,212



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

6. IMPAIRMENT LOSSES ON FINANCIAL ASSETS, NET

	2021 HK\$'000	2020 HK\$'000
Impairment (gains) losses on:		
— trade receivables	(149)	347
— uncertified revenue	(6)	(7)
— other receivables and deposits	202	–
	47	340
Write off of trade receivables	–	493
	47	833

7. ANALYSIS OF EXPENSES

	2021 HK\$'000	2020 HK\$'000
Directors' and chief executive's emoluments (<i>Note 10</i>)	16,778	15,435
Other staff salaries, wages and allowances and bonuses	223,648	362,444
Retirement benefit scheme contributions, excluding those for directors and chief executive	9,562	10,584
Total employee benefit expenses (<i>note</i>)	249,988	388,463
Auditor's remuneration	1,200	1,570
Depreciation of property, plant and equipment	774	714
Depreciation of right-of-use assets	1,455	1,678
Legal and professional fees	4,223	3,123
Subcontracting costs	23,788	–
Motor vehicle rental and expenses	1,427	2,154
Other expenses	5,892	4,905
Total other operating expenses	38,759	14,144
Professional fees for initial listing	–	15,525
Professional fees for transfer of listing	4,655	–
Total listing expenses	4,655	15,525

Note: During the year ended 31 March 2021, the Group recognised government grants of HK\$39,701,000 in respect of COVID-19-related subsidies in relation to Employment Support Scheme provided by the Hong Kong government and net off against employee benefit expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

8. FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest on bank borrowings	6	2,008
Interest on lease liabilities	124	58
	130	2,066

9. INCOME TAX EXPENSE

	2021 HK\$'000	2020 HK\$'000
Current tax:		
Hong Kong Profits Tax		
— Current year	6,567	12,914
— Underprovision in prior years	27	116
	6,594	13,030

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

The Group's subsidiaries operating in Hong Kong are eligible for certain tax concessions. The maximum tax concessions eligible for each subsidiary is HK\$10,000 (2020: HK\$20,000) for the year ended 31 March 2021.

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:

	2021 HK\$'000	2020 HK\$'000
Profit before taxation	72,806	60,118
Tax at Hong Kong Profits Tax rate of 16.5%	12,013	9,919
Tax effect of expenses not deductible for tax purposes	1,371	3,248
Tax effect of income not taxable for tax purpose	(6,674)	(43)
Underprovision in prior years	27	116
Tax concessions	(50)	(80)
Tax effect on two-tiered tax rate	(165)	(165)
Others	72	35
Income tax expense for the year	6,594	13,030

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

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

(a) Directors' and chief executive's emoluments

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

	Directors' fee HK\$'000	Salaries and other allowances HK\$'000	Performance- based bonus HK\$'000 (note i)	Retirement benefit scheme contributions HK\$'000	Total HK\$'000
Year ended 31 March 2021					
Executive directors:					
Mr. Ma Ah Muk	720	-	-	-	720
Mr. KS Ma	240	-	-	12	252
Mr. KM Ma	240	-	-	12	252
Mr. Vince Ma	240	-	-	12	252
Mr. Ma Yung King, Leo	240	-	-	12	252
Chief executive:					
Mr. Choi Ming Fai, Andy	-	1,176	13,376	18	14,570
Independent non-executive directors:					
Ms. Chang Wai Ha (note ii)	120	-	-	-	120
Dr. Ng Ka Sing, David (note ii)	240	-	-	-	240
Mr. Yau Siu Yeung (note ii)	120	-	-	-	120
	2,160	1,176	13,376	66	16,778
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 2021

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

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

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.

(b) Employees' emoluments

The five highest paid employees of the Group include the chief executive and a director (2020: chief executive) of the Company for the year ended 31 March 2021 whose emoluments are included in the disclosures in note 10(a). The emoluments of the remaining 3 (2020: 4) non-director employees for the year ended 31 March 2021 are as follows:

	2021 HK\$'000	2020 HK\$'000
Salaries and other allowances	2,256	2,575
Performance-based bonus	758	1,824
Retirement benefit scheme contributions	54	71
	3,068	4,470

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

	Number of employees	
	2021	2020
Nil to HK\$1,000,000	2	3
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$2,000,001 to HK\$2,500,000	–	1
	3	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 2021

11. DIVIDEND

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, was recognised as distribution during the current year.

Subsequent to 31 March 2021, a final dividend for the year ended 31 March 2021 of HK3.25 cents per ordinary share totaling HK\$26,000,000, based on 800,000,000 ordinary shares, has been proposed by the board of directors (the "Board") and is subject to approval by the shareholders at the forthcoming annual general meeting.

12. EARNINGS PER SHARE

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

	2021	2020
	HK\$'000	HK\$'000
Earnings		
Profit for the year attributable to owners of the Company	66,213	47,088
Number of shares		
Weighted average number of ordinary shares	800,000,000	688,524,590

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

No diluted earnings per share is presented as there were no potential ordinary shares in issue for the year ended 31 March 2021. The calculation of diluted earnings per share for the year ended 31 March 2020 does not assume the exercise of the offer size adjustment option granted and lapsed before the listing of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

13. 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 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
Additions	261	–	318	579
Disposal	–	–	(187)	(187)
At 31 March 2021	2,828	1,329	379	4,536
DEPRECIATION				
At 1 April 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
Provided for the year	453	266	55	774
Disposal	–	–	(187)	(187)
At 31 March 2021	2,139	996	69	3,204
CARRYING VALUES				
At 31 March 2021	689	333	310	1,332
At 31 March 2020	881	599	47	1,527

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 2021

14. RIGHT-OF-USE ASSETS

	Car parks HK\$'000	Office premises HK\$'000	Total HK\$'000
At 31 March 2021			
Carrying amount	1,476	1,943	3,419
At 31 March 2020			
Carrying amount	170	282	452
For the year ended 31 March 2021			
Depreciation charge	662	793	1,455
For the year ended 31 March 2020			
Depreciation charge	894	784	1,678

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.

During the year, right-of-use assets amounting to HK\$4,422,000 (2020: HK\$716,000) are recognised with related lease liabilities attributable to renewal of the existing leased properties. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. This constitutes the Group's major non-cash transactions.

In addition, the Group regularly entered into short-term leases for motor vehicles. At 31 March 2021, 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. The expenses relating to short-term leases recognised during the year ended 31 March 2021 amounted to HK\$1,096,000 (2020: HK\$1,778,000).

The total cash outflow for leases during the year ended 31 March 2021 amounted to HK\$2,875,000 (2020: HK\$3,529,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

15. FINANCE LEASE RECEIVABLES

During the year ended 31 March 2020, the Group entered into finance lease arrangement as a lessor for sub-leasing car parks leased from a related party. The term of finance lease entered into is 3 years. The related right-of-use assets are derecognised and a gain on sub-leasing of car parks amounting to HK\$1,232,000 was recognised in profit or loss and presented under other gains and losses (Note 5).

	2021		2020	
	Minimum lease payments <i>HK\$'000</i>	Present value of minimum lease payments <i>HK\$'000</i>	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	701	739	673
In the second year	616	607	739	701
In the third year	–	–	616	607
	1,355	1,308	2,094	1,981
Less: unearned finance income	(47)	N/A	(113)	N/A
Present value of minimum lease payment receivables	1,308	1,308	1,981	1,981
Analysed for reporting purpose as:				
Current assets		701		673
Non-current assets		607		1,308
		1,308		1,981

At 31 March 2021, the balance of deposit of HK\$123,000 (2020: HK\$123,000) received from the customer under finance lease is 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 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 2021

16. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	Notes	2021 HK\$'000	2020 HK\$'000
Trade receivables	(a)		
— Third parties		56,455	55,665
— Related parties		4,677	4,644
		61,132	60,309
Less: Loss allowance		(658)	(807)
		60,474	59,502
Uncertified revenue	(b)	34,786	47,488
Less: Loss allowance		(46)	(52)
		34,740	47,436
Deposits			
— Third parties		1,372	7,626
— Related parties		—	280
		1,372	7,906
Less: Loss allowance		(2)	—
		1,370	7,906
Other receivables and prepayments		2,446	5,160
Less: Loss allowance		(180)	—
		2,266	5,160
Prepayments for listing expenses		1,522	—
Total trade and other receivables and deposits (shown under current assets)		100,372	120,004
Non-current deposits			
— Third parties		9,345	6,759
— Related parties		280	—
		9,625	6,759
Less: Loss allowance		(20)	—
		9,605	6,759

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

16. TRADE AND OTHER RECEIVABLES AND DEPOSITS (Continued)

(a) Trade receivables

At 1 April 2019, trade receivables from contracts with customers amounted to HK\$49,421,000.

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:

	2021 HK\$'000	2020 HK\$'000
0–30 days	45,708	38,250
31–60 days	11,859	7,582
61–90 days	1,699	4,171
91–120 days	904	2,639
Over 120 days	304	6,860
	60,474	59,502

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.

At 31 March 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$14,766,000 (2020: HK\$21,252,000) which are past due as at the reporting date. Out of the past due balances, HK\$304,000 (2020: HK\$6,860,000) has been past due 90 days or more and is not considered as in default as the management of the Group considered that the presumption of default has occurred when the instrument is more than 90 days past due is rebutted by considering the background (including the financial background) of these trade debtors.

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

For trade receivables from related parties with gross carrying amount of HK\$4,677,000 (2020: HK\$4,644,000), the management of the Group makes individual assessment on the recoverability of trade receivables from related parties based on historical settlement records and past experience, and also quantitative and qualitative information that is reasonable and supportable forward-looking information.

As part of the Group's credit risk management, the Group applies internal credit rating for its third party customers. The debtors with significant balances at 31 March 2021 with gross carrying amount amounted to HK\$51,207,000 (2020: HK\$46,479,000) are assessed individually. The rest of debtors are grouped into three internal credit rating buckets (namely: low risk, medium risk and high risk) based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

16. TRADE AND OTHER RECEIVABLES AND DEPOSITS (Continued)

(a) Trade receivables (Continued)

The estimated loss rates, being 0.13% (2020: 0.11%) for low risk, 2.79% (2020: 2.10%) for medium risk and 32.66% (2020: 21.02%) for high risk, with gross carrying amount of HK\$2,253,000 (2020: HK\$1,713,000), HK\$1,726,000 (2020: HK\$4,808,000) and HK\$1,269,000 (2020: HK\$2,665,000) respectively, are estimated based on historical observed default rates over the expected life of the debtors and study of other corporates' default and recovery data from international credit-rating agencies, and are adjusted for forward-looking macroeconomic information (including the current and forecasted gross domestic product growth rates in Hong Kong, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

There has been no change in the estimation techniques or significant assumptions made during the year ended 31 March 2021.

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

	Trade receivables not credit-impaired <i>HK\$'000</i>
At 1 April 2019	460
Changes due to trade receivables recognised at 1 April 2019	
— Impairment losses reversed	(460)
Trade receivables newly originated	807
At 31 March 2020	807
Changes due to trade receivables recognised at 1 April 2020	
— Impairment losses reversed	(807)
Trade receivables newly originated	658
At 31 March 2021	658

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. During the year ended 31 March 2020, the Group had 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 2021

16. 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 2019, the uncertified revenue from contracts with customer amounted to HK\$57,621,000.

The uncertified revenue with gross carrying amount of HK\$34,786,000 (2020: HK\$47,488,000) at 31 March 2021 are assessed individually. Based on assessment by the management of the Group, reversal of impairment losses of HK\$6,000 (2020: HK\$7,000) has been recognised during the year ended 31 March 2021.

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 2019	59
Changes due to uncertified revenue recognised at 1 April 2019	
— Impairment losses reversed	(59)
Uncertified revenue newly originated	52
At 31 March 2020	52
Changes due to uncertified revenue recognised at 1 April 2020	
— Impairment losses reversed	(52)
Uncertified revenue newly originated	46
At 31 March 2021	46

17. DEFERRED TAX ASSET

	Loss allowance of trade receivables and uncertified revenue <i>HK\$'000</i>
At 1 April 2019, 31 March 2020 and 2021	46

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

18. AMOUNT DUE FROM A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY/ A RELATED COMPANY

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 amount due from a related company are as follows:

Name of related company	At 31 March		Maximum amount outstanding during the year ended 31 March	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Yan Yan Motors Limited	303	112	1,620	1,346

The amount is non-trade nature, unsecured, interest-free and repayable on demand. The above related company is controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.

19. 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 prevailing market rates of 0.01% (2020: 0.01%) per annum at 31 March 2021.

20. TRADE AND OTHER PAYABLES AND ACCRUED EXPENSES/OTHER LIABILITIES

	2021 HK\$'000	2020 HK\$'000
Trade and other payables and accrued expenses — current		
Trade payables	6,234	—
Other payables and accrued expenses	1,801	3,300
Accrued listing expenses	380	—
Accrued staff costs	35,172	31,893
	43,587	35,193
Other liabilities — non-current		
Deposit received from customer under finance lease (Note 15)	123	123

The credit terms of the trade payables are generally 30 days. At 31 March 2021, the Group's trade payables are aged within 30 days based on invoice date.

21. AMOUNT DUE TO A RELATED COMPANY

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

22. LEASE LIABILITIES

	2021 HK\$'000	2020 HK\$'000
Lease liabilities payable:		
Within a period not exceeding one year	1,703	712
Within a period of more than one year but not exceeding two years	1,784	248
Within a period of more than two years but not exceeding five years	520	280
	4,007	1,240
Less: Amount due for settlement within 12 months shown under current liabilities	(1,703)	(712)
Amount due for settlement after 12 months shown under non-current liabilities	2,304	528

23. BANK BORROWINGS

The Group's bank borrowings were unsecured, repayable within one year and contained 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%.

24. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
At 1 April 2019	38,000,000	380
On 20 September 2019 (note i)	1,962,000,000	19,620
At 31 March 2020 and 2021	2,000,000,000	20,000
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
At 1 April 2019	1	–
Capitalisation issue on 22 October 2019 (note i)	599,999,999	6,000
Issue of shares on 22 October 2019 (note ii)	200,000,000	2,000
At 31 March 2020 and 2021	800,000,000	8,000

Notes:

- (i) On 20 September 2019, 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 was passed. 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 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 HK\$0.32 per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

25. 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 16, 18 and 21.

(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	2021 HK\$'000	2020 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	3,763	3,700
		Facility management services income	12,278	11,746
		Interest expenses on lease liabilities	79	31
		Lease liabilities (note)	2,026	939
	Better Coin Industrial Limited	Security services income	194	193
		Deluxe Tower Limited	Facility management services income	1,106
	Express Top Industries Limited	Security services income	526	526
		Security services income	1,723	1,711
		Golden Way Public Light Bus (Scheduled) Service Company Limited	Security services income	627
Koon Wing Motors Limited		Security services income	352	349
Sheung Shui Public Light Bus (Scheduled) Service Company Limited		Security services income	-	2
Brilliant Way Public Light Bus (Scheduled) Service Company Limited	Security services income	-	10	
	Controlled by Mr. Ma Ah Muk	Trinity General Insurance Company Limited	Insurance expenses	26
Controlled by Ms. Ma Wah Chu, daughter of Mr. Ma Ah Muk	Eco Tree Hotel Limited	Security services income	432	432

Note: During the year ended 31 March 2021, the Group has entered into a lease modification with a related company to extend the lease term of car parks for 3 years (2020: 3 years). The Group has recognised an addition of right-of-use assets and lease liabilities of HK\$1,968,000 (2020: HK\$737,000) and HK\$1,968,000 (2020: HK\$737,000) respectively.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

25. RELATED PARTY DISCLOSURES (Continued)

(c) Compensation of key management personnel

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

	2021 HK\$'000	2020 HK\$'000
Short-term employee benefits	19,568	19,234
Post-employment benefits	119	95
	19,687	19,329

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

26. 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 2021 is HK\$9,628,000 (2020: HK\$10,626,000), which represent contributions paid or payable to these plans by the Group at rates specified in the rules of the plans.

27. 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2021 HK\$'000	2020 HK\$'000
Financial assets		
Amortised cost	234,621	203,462
Financial liabilities		
Amortised cost	7,351	12,732

(b) Financial risk management objectives and policies

The Group's financial instruments include trade receivables, deposits and other receivables, amounts due from a related company/a non-controlling shareholder of a subsidiary, bank balances and cash, amounts due to a related company, trade and other payables, bank borrowings, lease liabilities 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 risk 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

28. 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 2021, the Group has concentration of credit risk as 46% (2020: 76%) of the total trade receivables and uncertified revenue was due from the Group's largest customer. The Group's concentration of credit risk on the five largest customers accounted for 95% (2020: 95%) of the total trade receivables and uncertified revenue at 31 March 2021. The management of the Group considers the credit risk of amounts due from these customers is insignificant after considering their historical settlement record, credit quality and/or financial positions.

The Group has applied the simplified approach to measure the ECL on trade receivables and uncertified revenue at lifetime ECL as disclosed in note 16. While ECL for other financial assets at amortised cost and other item, 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 (2020: HK\$2,000), HK\$303,000 (2020: HK\$112,000) and HK\$12,145,000 (2020: HK\$17,536,000), respectively, the management of the Group makes individual assessment on the recoverability of them based on historical settlement records and past experience. At 31 March 2021, the Group assessed the ECL for deposits and other receivables to be HK\$202,000 (2020: nil) and recognised in profit or loss.

The credit risk on bank balances of the Group with gross carrying amount of HK\$127,113,000 (2020: HK\$78,828,000) is limited because the counterparties are banks with high credit ratings (i.e. AA- to A) assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks. The ECL is not material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

28. 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 variable rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	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 2021						
Trade and other payables	-	7,135	-	-	7,135	7,135
Amount due to a related company	-	93	-	-	93	93
Other liabilities	-	-	-	123	123	123
		7,228	-	123	7,351	7,351
Lease liabilities	3.62	446	1,370	2,356	4,172	4,007
At 31 March 2020						
Trade and 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

28. FINANCIAL INSTRUMENTS (Continued)

(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.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Accrued interest HK\$'000	Bank borrowings HK\$'000	Accrued issue costs HK\$'000	Dividend payable HK\$'000	Amounts due to related parties HK\$'000	Amount due to a non- controlling shareholder of a subsidiary HK\$'000	Lease liabilities HK\$'000
At 1 April 2019	26	57,000	1,363	-	106	7,198	2,217
Financing cash flows	(2,010)	(45,000)	(7,375)	-	(12)	-	(1,751)
<i>Non-cash changes:</i>							
Finance costs accrued	2,008	-	-	-	-	-	58
Issue costs accrued	-	-	6,012	-	-	-	-
Lease modifications	-	-	-	-	-	-	716
Others (<i>note</i>)	-	-	-	-	-	(7,198)	-
At 31 March 2020	24	12,000	-	-	94	-	1,240
Financing cash flows	(30)	(12,000)	-	(16,000)	(1)	-	(1,779)
<i>Non-cash changes:</i>							
Finance costs accrued	6	-	-	-	-	-	124
Dividend	-	-	-	16,000	-	-	-
Lease modifications	-	-	-	-	-	-	4,422
At 31 March 2021	-	-	-	-	93	-	4,007

Note: During the year ended 31 March 2019, a non-controlling shareholder of a subsidiary had 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 had 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 2021

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2021 HK\$'000	2020 HK\$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	35,134	35,134
CURRENT ASSETS		
Trade and other receivables and prepayments	33,919	113
Amounts due from subsidiaries	2,546	8,690
Bank balances	23,916	17,939
	60,381	26,742
CURRENT LIABILITIES		
Accrued expenses	1,280	260
Amounts due to subsidiaries	390	452
Tax payable	1,602	–
	3,272	712
NET CURRENT ASSETS	57,109	26,030
NET ASSETS	92,243	61,164
CAPITAL AND RESERVES		
Share capital	8,000	8,000
Reserves	84,243	53,164
TOTAL EQUITY	92,243	61,164

	Share premium HK\$'000	(Accumulated losses) retained earnings HK\$'000	Total HK\$'000
At 1 April 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
Profit and total comprehensive income for the year	–	47,079	47,079
Dividend (Note 11)	–	(16,000)	(16,000)
At 31 March 2021	80,804	3,439	84,243

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

31. PARTICULARS OF SUBSIDIARIES

Name of subsidiary	Place of incorporation	Issued and fully paid share capital	Equity interest attributable to the Group at 31 March		Principal activities
			2021	2020	
Directly held by the Company					
IWS Security Management Holdings Limited	BVI	HK\$2	100%	100%	Investment holding
IWS Property Management Holdings Limited	BVI	HK\$2	100%	100%	Investment holding
IWS Cleaning Management Holdings Limited	BVI	HK\$2	100%	100%	Investment holding
IWS Carpark Management Holdings Limited	BVI	HK\$2	100%	100%	Investment holding
IWS Tunnel Management Holdings Limited	BVI	United States Dollar 50,000	100%	100%	Investment holding
Indirectly held by the Company					
International Wing Shing Security Management Limited	Hong Kong	HK\$3,000,000	100%	100%	Provision of general manned security services, event and crisis security services and manpower support services
International Wing Shing Property Management Limited	Hong Kong	HK\$10,000	100%	100%	Provision of property management services
IWS Carpark Management Limited	Hong Kong	HK\$10,000	100%	100%	Provision of car park management services and rental of car parks and investment holding
IWS Cleaning Services Limited	Hong Kong	HK\$10,000	100%	100%	Provision of cleaning services
IWS Carpark (JV 1) Limited	Hong Kong	HK\$10,000	80%	80%	Inactive
IWS Tunnel Management Limited	Hong Kong	HK\$10,000	100%	100%	Inactive

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

32. PERFORMANCE BONDS

Certain customers of service contracts undertaken by the Group require the Group to issue guarantees for contract works in the form of performance bonds issued by the banks. The performance bonds will be released when the service contracts are completed. At 31 March 2021, the outstanding performance bonds amounted to HK\$29,373,000 (2020: HK\$29,373,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 March 2021

33. SHARE OPTION SCHEME

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

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

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

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

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

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

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

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

FINANCIAL SUMMARY

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
FINANCIAL RESULTS					
Revenue	365,833	481,571	295,171	130,792	103,419
Profit before taxation	72,806	60,118	22,877	13,776	12,229
Income tax expense	(6,594)	(13,030)	(5,128)	(3,068)	(1,955)
Profit for the year	66,212	47,088	17,749	10,708	10,274
Attributable to:					
Owners of the Company	66,213	47,088	17,751	10,708	10,274
Non-controlling interests	(1)	–	(2)	–	–
	66,212	47,088	17,749	10,708	10,274
ASSETS, LIABILITIES AND EQUITY					
Total assets	251,719	210,158	155,674	58,326	49,721
Total liabilities	(49,531)	(58,182)	(104,846)	(17,024)	(10,727)
	202,188	151,976	50,828	41,302	38,994
Total equity	202,188	151,976	50,828	41,302	38,994

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