



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



INTERIM REPORT
2019

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

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

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CONTENTS

	PAGE(S)
CORPORATE INFORMATION	3
FINANCIAL HIGHLIGHTS	4
MANAGEMENT DISCUSSION AND ANALYSIS	6
CORPORATE GOVERNANCE AND OTHER INFORMATION	10
REPORT ON REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	18
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	20
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	21
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	22
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	23
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	24



IWS

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

COMPANY SECRETARY

Mr. Wong Chi Kong

PRINCIPAL BANKER

Hang Seng Bank Limited

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants

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

REGISTERED OFFICE

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

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

STOCK CODE

8441

WEBSITE

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

FINANCIAL HIGHLIGHTS

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

	Six months ended 30 September	
	2019 (HK\$'000) (Unaudited)	2018 (HK\$'000) (Unaudited)
Revenue	187,524	99,977
Profit before taxation	15,563	7,045
Profit and total comprehensive income for the period	11,806	5,081

ADJUSTED NET PROFIT

	Six months ended 30 September	
	2019 (HK\$'000) (Unaudited)	2018 (HK\$'000) (Unaudited)
Profit and total comprehensive income for the period	11,806	5,081
Adjustment for listing expenses	6,006	4,826
Adjusted net profit	17,812	9,907

SELECTED UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

	As at 30 September 2019 (HK\$'000) (Unaudited)	As at 31 March 2019 (HK\$'000) (Audited)
	Non-current assets	4,219
Current assets	156,441	151,979
Current liabilities	98,026	104,846
Net current assets	58,415	47,133
Net assets/Total equity	62,634	50,828



FINANCIAL HIGHLIGHTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2019 (HK\$'000) (Unaudited)	2018 (HK\$'000) (Unaudited)
Net cash from (used in) operating activities	26,637	(5,345)
Net cash from (used in) investing activities	734	(676)
Net cash used in financing activities	(14,170)	(1,680)
Net increase (decrease) in cash and cash equivalents	13,201	(7,701)
Cash and cash equivalents at beginning of period	27,096	19,903
Cash and cash equivalents at end of period	40,297	11,392

KEY FINANCIAL RATIOS

	As at 30 September 2019/ For the six months ended 30 September 2019	As at 30 September 2018/ For the six months ended 30 September 2018
Adjusted net profit margin (%)	9.5⁽¹⁾	9.9 ⁽²⁾
Adjusted return on equity (%)	56.7⁽¹⁾	51.9 ^(2&3)
Adjusted return on total assets (%)	22.1⁽¹⁾	26.2 ^(2&3)
Interest coverage (times)	24.8	440.7 ⁽²⁾
Current ratio (times)	1.6	1.4
Quick ratio (times)	1.6	1.4
Gearing ratio (%)	73.4	112.1
Net debt to equity ratio (%)	9.1	58.8
Average trade receivables turnover days (days)	99	83

Notes:

- Ratio calculation excluded the non-recurring listing expenses of approximately HK\$6.0 million for the six months ended 30 September 2019.
- Ratio calculation excluded the non-recurring listing expenses of approximately HK\$4.8 million for the six months ended 30 September 2018.
- Annualised profit for the six months ended 30 September 2019 and 2018 has been used for ratio calculation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

On 22 October 2019 (the "**Listing Date**"), the Group was listed on GEM of the Stock Exchange, marking a significant milestone in its history. The management is pleased to report the Group's first interim results after Listing.

During the six months ended 30 September 2019, amid the unstable social environment in Hong Kong, demand for the Group's security and facility management services continued to grow which is attributable to the well-established "IWS" brand, which stands for quality security services to the Group's clients in Hong Kong.

FINANCIAL OVERVIEW

Revenue

The Group derives revenue from providing security services and facility management services across public and private sectors in Hong Kong. The Group's revenue increased by approximately HK\$87.5 million, or 87.5% from approximately HK\$100.0 million for the six months ended 30 September 2018 to approximately HK\$187.5 million for the six months ended 30 September 2019.

Security services

Revenue generated from the security services segment increased by approximately HK\$80.5 million or 91.1% from approximately HK\$88.4 million for the six months ended 30 September 2018 to approximately HK\$168.9 million for the six months ended 30 September 2019, which is primarily due to:

- (a) Manpower support services generating revenue of approximately HK\$54.8 million for the six months ended 30 September 2019, representing an increase of approximately 103.0% from approximately HK\$27.0 million for the six months ended 30 September 2018. The increase was primarily due to the revenue of approximately HK\$41.8 million derived from newly commenced Guangshen'gang XRL Contract ("**XRL Contracts**") from a Hong Kong railway corporation (the "**Railway Corporation**") in the six months ended 30 September 2019; and
- (b) General manned guarding services generating revenue of approximately HK\$113.6 million for the six months ended 30 September 2019, representing an increase of approximately 85.6% from approximately HK\$61.2 million for the six months ended 30 September 2018. The increase was primarily due to the revenue of approximately HK\$56.0 million derived from ongoing XRL Contracts from the Railway Corporation during the six months ended 30 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Facility management services

Revenue generated from facility management services increased by approximately HK\$7.0 million, or 60.3% from approximately HK\$11.6 million for the six months ended 30 September 2018 to approximately HK\$18.6 million for the six months ended 30 September 2019. The increase was primarily due to (i) the approximately HK\$0.3 million revenue derived from XRL Contracts related to car parking rental and management services from the Railway Corporation in the six months ended 30 September 2019; and (ii) the increase in revenue of approximately HK\$6.7 million arising from new and existing contracts in relation to car parking rental and management services.

Employee benefit expenses

Employee benefit expenses increased by approximately 91.6% from approximately HK\$82.7 million for the six months ended 30 September 2018 to approximately HK\$158.4 million for the six months ended 30 September 2019 mainly due to increase in total headcount for the XRL Contracts for the six months ended 30 September 2019, as compared with corresponding period in 2018.

Selling and marketing expenses

Selling and marketing expenses for the six months ended 30 September 2018 and 2019 remained relatively stable at approximately HK\$1.3 million and HK\$1.1 million, respectively.

Administrative expenses

Administrative expenses increased by approximately HK\$1.4 million, or 33.3% from approximately HK\$4.2 million for the six months ended 30 September 2018 to approximately HK\$5.6 million for the six months ended 30 September 2019. Such increase was mainly due to (i) increase in auditors' remuneration of approximately HK\$0.6 million; (ii) increase in legal and professional fee of approximately HK\$0.2 million resulting from interim report review, and (iii) increase in cleaning services fee of approximately HK\$0.5 million as a result of the increase of new contracts for facility management services.

Income tax expense

Income tax expenses increased by approximately HK\$1.8 million, or 90.0% from approximately HK\$2.0 million for the six months ended 30 September 2018 to approximately HK\$3.8 million for the six months ended 30 September 2019. The increase was primarily due to combined effects of increase in profit before taxation and listing expenses incurred during the six months ended 30 September 2019, which was not deductible for tax purpose. The effective tax rate was approximately 27.9% and 24.1% for the six months ended 30 September 2018 and 2019, respectively. Excluding the non-recurring listing expenses of approximately HK\$4.8 million and HK\$6.0 million incurred for the six months ended 30 September 2018 and 2019 respectively, which was non-deductible for taxation purpose, the effective tax rate would be approximately 16.5% and 17.4%, respectively, which is in line with the prevailing rate.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit and total comprehensive income for the period

As a result of the foregoing, profit and total comprehensive income for the period increased by approximately HK\$6.7 million, or 131.4% from approximately HK\$5.1 million for the six months ended 30 September 2018 to approximately HK\$11.8 million for the six months ended 30 September 2019. Net profit margin increased from approximately 5.1% for the six months ended 30 September 2018 to approximately 6.3% for the six months ended 30 September 2019. Excluding the non-recurring listing expenses of approximately HK\$4.8 million and HK\$6.0 million incurred in the six months ended 30 September 2018 and 2019, respectively, profit and total comprehensive income for the period amounted to approximately HK\$17.8 million for the six months ended 30 September 2019 and net profit margin decreased to approximately 9.5% for the six months ended 30 September 2019 compared to approximately 9.9% for the six months ended 30 September 2018.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 30 September 2019, the Group had bank balances and cash of approximately HK\$40.3 million, representing an increase of approximately HK\$13.2 million or 48.7% from approximately HK\$27.1 million as at 31 March 2019.

As at 30 September 2019, the Group had net current assets and net assets of approximately HK\$58.4 million (31 March 2019: HK\$47.1 million) and approximately HK\$62.6 million (31 March 2019: HK\$50.8 million), respectively. As at 30 September 2019, its current ratio calculated based on current assets divided by current liabilities of the Group was 1.6 times as compared to 1.4 times as at 31 March 2019.

As at 30 September 2019, total borrowings of the Group amounted to approximately HK\$46.0 million (31 March 2019: HK\$57.0 million) and total equity was approximately HK\$62.6 million (31 March 2019: HK\$50.8 million). The Group's gearing ratio, calculated based on total borrowings divided by total equity, was approximately 0.7 times (31 March 2019: 1.1 times) as at 30 September 2019.

As at 30 September 2019, the Group had bank facilities with a limit of HK\$80.0 million (including a temporary increase of facility limit of HK\$40.0 million) of which HK\$67.6 million had been utilised.

As at 30 September 2019, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$62.6 million (31 March 2019: approximately HK\$50.8 million), comprising issued share capital and reserves. Since its 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 six months ended 30 September 2019, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates. The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the six months ended 30 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the six months ended 30 September 2019. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PERFORMANCE BOND

As at 30 September 2019, the Group had an outstanding performance bond of approximately HK\$21.6 million issued by the Group's bank with personal guarantees from Mr. Ma Ah Muk and Mr. Ma Kiu Sang to fulfil the obligation of providing contract securities using existing bank facilities for XRL Contracts 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 for the six months ended 30 September 2019.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 30 September 2019, the Group did not hold any significant investments.

SHARE CAPITAL

Details of the share capital are set out in note 14 to the unaudited condensed consolidated financial statements.

PLEDGE OF ASSETS

There were no pledged assets as at 30 September 2019 (31 March 2019: Nil).

CAPITAL COMMITMENTS

As at 30 September 2019, the Group did not have any material capital commitment (31 March 2019: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2019, the Group had 2,201 employees (31 March 2019: 2,178 employees). 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 30 September 2019, the Group did not have any significant contingent liabilities or guarantees (31 March 2019: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTEREST

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

As at 30 September 2019 and up to the date of this report, 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 are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

(i) Long position in the shares of the Company

Name of Directors	Nature of interest/ holding capacity	Number of ordinary Shares held	Approximate percentage of issued share capital of the Company ⁽⁶⁾
Mr. Ma Ah Muk ⁽¹⁾	Interest under section 317 of the SFO ⁽¹⁾	600,000,000	75.0%
Mr. Ma Kiu Sang ("Mr. KS Ma") ^(2 & 3)	Interest in a controlled corporation ⁽³⁾ and under section 317 of the SFO ⁽²⁾	600,000,000	75.0%
Mr. Ma Kiu Mo ("Mr. KM Ma") ^(2 & 4)	Interest in a controlled corporation ⁽⁴⁾ and under section 317 of the SFO ⁽²⁾	600,000,000	75.0%
Mr. Ma Kiu Man, Vince ("Mr. Vince Ma") ^(2 & 5)	Interest in a controlled corporation ⁽⁵⁾ and under section 317 of the SFO ⁽²⁾	600,000,000	75.0%

Notes:

Note 1: Pursuant to a deed of confirmation dated 28 May 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 and in turn holding 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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 the date of this report.

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

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

Notes:

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

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

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As the Shares were listed on the Stock Exchange on the Listing Date, the Company was not required to keep any register under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30 September 2019.

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

Long position in the shares of the Company

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



CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

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

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

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

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

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

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

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

Note 8: Based on a total of 800,000,000 issued Shares as at the date of this report.

Save as disclosed above and to the best knowledge of the Directors, as at the date of this report, no person, other than the Directors and chief executive of the Company whose interests are set out in the sub-section headed "(A) Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant 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**").

From the Listing Date and up to the date of this report, no share option has been granted or agreed to be granted under the Share Option Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

USE OF PROCEEDS FROM THE LISTING

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

As at the date of this report, the Group had partially utilised such proceeds in the manner consistent with that mentioned in the section headed “Statement of Business Objectives and Use of Proceeds” of the Prospectus:

	Actual net proceeds from the Listing <i>(HK\$'000)</i>	Amount utilised as at the date of this report <i>(HK\$'000)</i>	Balance as at the date of this report <i>(HK\$'000)</i>
Expanding our business in security services			
(i) Recruitment of security service personnel	5,600	—	5,600
(ii) Contract securities	7,600	—	7,600
(iii) Acquisition of patrol vehicles	1,000	—	1,000
	14,200	—	14,200
Enhancing our capability in providing facility management services			
(i) Acquisition of machines and equipment	4,100	—	4,100
(ii) Expansion of our operation team and sales and marketing team	1,000	—	1,000
	5,100	—	5,100
Improving operational efficiency			
(i) Upgrade of information technology infrastructure	3,000	—	3,000
(ii) Establishment of a control room	2,000	—	2,000
	5,000	—	5,000
Payment for outstanding bank loan	4,500	4,500	—
General working capital	3,200	—	3,200
	32,000	4,500	27,500

As at the date of this report, approximately HK\$4.5 million of the net proceeds from the Listing had been used. The unused net proceeds have been placed as interest-bearing deposits with licensed banks in Hong Kong. The Company intends to utilise the net proceeds in the manner as stated in the Prospectus.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 September 2019. During the six months ended 30 September 2018, a dividend of HK\$8,000,000 has been declared and paid by the Company's subsidiaries to the then shareholders before the completion of Reorganisation. Details of the Reorganisation are set out in note 2 to the unaudited condensed consolidated financial statements.

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

During the six months ended 30 September 2019, since the Shares have not yet been listed on GEM of the Stock Exchange, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than disclosed in "(A) Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" above, at no time during the six months ended 30 September 2019 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or the chief executive or their respective associates of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any associated corporation.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company was incorporated in the Cayman Islands on 23 March 2018 as an exempted company with limited liability, and the Shares were listed on the GEM of the Stock Exchange on the Listing Date.

As the Shares were not yet listed on the Stock Exchange as of 30 September 2019, the principles and code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules were not applicable to the Company during the six months ended 30 September 2019.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company with effect from the Listing Date.

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard Dealings**”). The Company had made specific enquiries to the Directors and all Directors have confirmed that they have fully complied with the Code of Conduct and Required Standard Dealings throughout the period from the Listing Date to the date of this report.

COMPETING INTERESTS

Since the Listing Date to the date of this report, so far as the Directors are aware, none of the Directors, the controlling shareholders and substantial shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) had any position or interest in a business or company that competes or may compete with the business of the Group or give rise to any concern regarding conflict of interests.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information to the Company and within the knowledge of the Directors as at date of this report, the Company has maintained the prescribed public float required by the GEM Listing Rules for the period from the Listing Date and up to the date of this report.

SEGMENT INFORMATION

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

EVENT AFTER THE REPORTING PERIOD

Subsequent to 30 September 2019, the Company has been listed on GEM of the Stock Exchange by way of share offer on 22 October 2019. Pursuant to the Listing, the Company issued 200,000,000 new Shares at the price of HK\$0.32 per Share. The gross proceeds from the Listing were HK\$64,000,000.

INTERESTS OF THE COMPLIANCE ADVISER

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



CORPORATE GOVERNANCE AND OTHER INFORMATION

REVIEW OF FINANCIAL STATEMENTS

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2019 in conjunction with the Company’s external auditor. Based on the review and discussions with the management, the Audit Committee was satisfied that the unaudited condensed consolidated financial statements were prepared in accordance with applicable accounting standards and fairly present the Group’s financial position and results for the six months ended 30 September 2019.

OUTLOOK

As a result of its Listing, the Group’s profile and reputation have enhanced which will strengthen its financial position enabling it to seize the rich potential in the security services and facility and venue management services market in Hong Kong, which will be driven by the continuous increase in real estate projects and large-scale events, rising land and housing supply, increase in parking spaces and demand for more sophisticated facility management services.

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

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

Hong Kong, 11 November 2019

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

REPORT ON REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

德勤

TO THE BOARD OF DIRECTORS OF IWS GROUP HOLDINGS LIMITED

(國際永勝集團控股有限公司)

(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of IWS Group Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 20 to 40, which comprise the condensed consolidated statement of financial position as of 30 September 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“HKSRE 2410”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.



REPORT ON REVIEW OF UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

OTHER MATTER

The comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 September 2018 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

11 November 2019

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

For the six months ended 30 September 2019

	NOTES	Six months ended 30 September	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	4	187,524	99,977
Other income		64	136
Other loss	5	(20)	–
Impairment losses on trade receivables	5	–	(15)
Employee benefit expenses		(158,364)	(82,675)
Selling and marketing expenses		(1,117)	(1,283)
Administrative expenses		(5,613)	(4,241)
Listing expenses		(6,006)	(4,826)
Finance costs		(905)	(28)
Profit before taxation		15,563	7,045
Income tax expense	6	(3,757)	(1,964)
Profit and total comprehensive income for the period, attributable to owners of the Company	7	11,806	5,081
Earnings per share			
Basic (<i>HK cents</i>)	9	1.97	0.85



UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 30 September 2019

		As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		1,737	2,006
Right-of-use assets		1,358	–
Deposits		1,078	1,643
Deferred tax asset		46	46
		4,219	3,695
CURRENT ASSETS			
Trade and other receivables	10	116,006	123,923
Amount due from a non-controlling shareholder of a subsidiary		2	–
Amounts due from related companies	11	136	960
Bank balances and cash		40,297	27,096
		156,441	151,979
CURRENT LIABILITIES			
Other payables and accrued expenses		45,122	35,327
Amount due to a non-controlling shareholder of a subsidiary	12	–	7,198
Amounts due to related parties	12	106	106
Bank borrowings	13	46,000	57,000
Lease liabilities		1,378	–
Tax payables		5,420	5,215
		98,026	104,846
NET CURRENT ASSETS		58,415	47,133
NET ASSETS		62,634	50,828
CAPITAL AND RESERVES			
Share capital	14	–	–
Other reserves		3,030	3,030
Retained earnings		59,604	47,798
TOTAL EQUITY		62,634	50,828

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Share capital HK\$'000 (Note 14)	Share premium HK\$'000	Merger reserve HK\$'000 (Note)	Retained earnings HK\$'000	Total HK\$'000
At 1 April 2018 (audited)	3,030	–	–	38,047	41,077
Profit and total comprehensive income for the period	–	–	–	5,081	5,081
Dividend declared and paid (Note 8)	–	–	–	(8,000)	(8,000)
Effect of Reorganisation (as defined in Note 2)	(3,030)	34,744	(31,714)	–	–
At 30 September 2018 (unaudited)	–	34,744	(31,714)	35,128	38,158
At 1 April 2019 (audited)	–	34,744	(31,714)	47,798	50,828
Profit and total comprehensive income for the period	–	–	–	11,806	11,806
At 30 September 2019 (unaudited)	–	34,744	(31,714)	59,604	62,634

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



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
OPERATING ACTIVITIES		
Operating cash flows before movements in working capital	17,686	7,408
Decrease (increase) in trade and other receivables	1,282	(25,542)
Increase in other payables and accrued expenses	11,221	13,344
Other operating cash flows	(3,552)	(555)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	26,637	(5,345)
INVESTING ACTIVITIES		
Advance to related companies	(2,803)	(2,386)
Purchase of property, plant and equipment	(101)	(775)
Repayment from related companies	3,627	2,484
Interest received	9	1
Proceeds received from disposal of property, plant and equipment	2	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES	734	(676)
FINANCING ACTIVITIES		
Repayment of bank loans	(59,000)	–
Issue costs paid	(1,426)	(1,377)
Interest paid	(905)	(11)
Repayment of lease liabilities	(839)	–
Repayment to related parties	(471)	(1,903)
New bank loans raised	48,000	7,000
Advance from related parties	471	984
Dividend paid	–	(6,373)
NET CASH USED IN FINANCING ACTIVITIES	(14,170)	(1,680)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	13,201	(7,701)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	27,096	19,093
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	40,297	11,392

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL INFORMATION

IWS Group Holdings Limited (“the Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 23 March 2018. Its immediate and ultimate holding company is IWS Group Holdings Limited (“IWS BVI”), a company incorporated in the British Virgin Islands (the “BVI”) with limited liability, shareholders of which are the respective wholly owned entities of Mr. Ma Kiu Sang (“Mr. KS Ma”), Mr. Ma Kiu Mo (“Mr. KM Ma”) and Mr. Ma Kiu Man, Vince (“Mr. Vince Ma”). Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma have been controlling the companies comprising the Group collectively. The Company’s shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited with effect from 22 October 2019.

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

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

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (HKAS 34) Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and based on the accounting policies set out in Note 3 which conform with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA and the principle of merger accounting under Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the HKICPA.

In preparation of the listing of the shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the “Listing”), the companies comprising the Group underwent a group reorganisation (the “Reorganisation”). Prior to the Reorganisation, IWS Security, IWS PM, IWS Cleaning and IWS Carpark (collectively as “HK Subsidiaries”) were owned and controlled by Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma.

The Reorganisation comprised the following steps:

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



NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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

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

Pursuant to the Reorganisation detailed above, the Company became the holding company of the companies now comprising the Group on 25 May 2018. The Company and its subsidiaries have been under the common control of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma throughout the six months ended 30 September 2018 or since their respective dates of incorporation, where this is a shorter period. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity, accordingly, the consolidated financial statements have been prepared as if the Company had always been the holding company of the Group.

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended 30 September 2018 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the six months ended 30 September 2018, or since their respective dates of incorporation, where this is a shorter period.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICY

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs as detailed below, the accounting policies applied and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2019 are consistent with those followed in the preparation the Group's consolidated financial statements for the year ended 31 March 2019 underlying the preparation of the financial information included in the prospectus dated 30 September 2019 in connection with the Listing.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2019 for the preparation of the Group's condensed consolidated financial statements:

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

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

Impacts and changes in accounting policies of application on HKFRS 16 Leases

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

Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

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 the 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. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICY *(Continued)*

Application of new and amendments to HKFRSs *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

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.

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are initially measured at cost and subsequently measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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 in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, 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 condensed consolidated statement of financial position.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICY *(Continued)*

Application of new and amendments to HKFRSs *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets. The adjustments to fair value at initial recognition had no material impact on the condensed consolidated financial statements of the Group.

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;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

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) whenever the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICY *(Continued)*

Application of new and amendments to HKFRSs *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessor

Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sub-lease 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.

Lease modification

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

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

As a lessee

The Group applied HKFRS 16 from 1 April 2019. The Group applied the modified retrospective approach and has not restated comparative amounts with the cumulative effect recognised at the date of initial application.

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

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

On transition, the Group has made the following adjustments upon application of HKFRS 16:

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICY *(Continued)*

Application of new and amendments to HKFRSs *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

Transition and summary of effects arising from initial application of HKFRS 16 *(Continued)*

As a lessee (Continued)

As at 1 April 2019, the Group recognised right-of-use assets equal to the related liability by applying HKFRS 16.C8(b)(ii) transition.

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

	<i>HK\$'000</i>
Operating lease commitments disclosed as at 31 March 2019	2,272
Lease liabilities discounted at relevant incremental borrowing rates and as at 1 April 2019	2,217
Analysed as	
Current portion	1,734
Non-current portion	483
	2,217

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

	Right-of-use assets <i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	2,217
By class:	
Office premises	1,936
Carparks	281
	2,217

Other than described above, the application of HKFRS 16 in the current period has had no material impact on the Group's financial positions and the disclosures set out in these condensed consolidated financial statements.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. PRINCIPAL ACCOUNTING POLICY *(Continued)*

Application of new and amendments to HKFRSs *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

Transition and summary of effects arising from initial application of HKFRS 16 *(Continued)*

As a lessor

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

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

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

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

Note: For the purpose of reporting cash flows for the six months ended 30 September 2019, movements have been computed based on opening condensed consolidated statement of financial position as at 1 April 2019 as disclosed above.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

4. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue:

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Types of services and rental		
Provision of:		
General manned guarding services	113,602	61,150
Event and crisis security services	500	163
Manpower support services	54,798	27,045
Property management services	13,397	6,718
Carpark management services	3,913	2,583
Cleaning services	944	868
Hotel management services	–	1,080
Rental of carparks	370	370
Total	187,524	99,977
Timing of revenue under HKFRS 15		
— Over time	187,154	99,607
Rental	370	370
Total	187,524	99,977

The Group's operating segments are determined based on information reported to the chief operating decision maker ("CODM") of the Group (the directors of the Company who are also directors of certain major operating subsidiaries during the reporting period), 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.
- (ii) Facility management services — provision of property management services, carpark management services, cleaning services, hotel management services and rental of carparks.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

Six months ended 30 September 2019 (unaudited)

	Security services <i>HK\$'000</i>	Facility management services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
External sales	168,900	18,624	–	187,524
Inter-segment sales	9,328	1,770	(11,098)	–
	178,228	20,394	(11,098)	187,524
Segment results	23,458	10,997		34,455
Other income				64
Other corporate expenses				(12,045)
Listing expenses				(6,006)
Finance costs				(905)
Profit before taxation				15,563

Six months ended 30 September 2018 (unaudited)

	Security services <i>HK\$'000</i>	Facility management services <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
External sales	88,358	11,619	–	99,977
Inter-segment sales	5,790	–	(5,790)	–
	94,148	11,619	(5,790)	99,977
Segment results	15,113	6,037		21,150
Other income				136
Impairment losses on trade receivables and uncertified revenue				(15)
Other corporate expenses				(9,372)
Listing expenses				(4,826)
Finance costs				(28)
Profit before taxation				7,045

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

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.

Six months ended 30 September 2019 (unaudited)

	Security services HK\$'000	Facility management services HK\$'000	Elimination HK\$'000	Total HK\$'000
Provision of:				
General manned guarding services	113,602	–	–	113,602
Event and crisis security services	500	–	–	500
Manpower support services	54,798	–	–	54,798
Property management services	–	13,397	–	13,397
Carpark management services	–	3,913	–	3,913
Cleaning services	–	944	–	944
Sub-total	168,900	18,254	–	187,154
Rental of carparks	–	370	–	370
Consolidated revenue	168,900	18,624	–	187,524
Inter-segment revenue	9,328	1,770	(11,098)	–
Total	178,228	20,394	(11,098)	187,524

Six months ended 30 September 2018 (unaudited)

	Security services HK\$'000	Facility management services HK\$'000	Elimination HK\$'000	Total HK\$'000
Provision of:				
General manned guarding services	61,150	–	–	61,150
Event and crisis security services	163	–	–	163
Manpower support services	27,045	–	–	27,045
Property management services	–	6,718	–	6,718
Carpark management services	–	2,583	–	2,583
Cleaning services	–	868	–	868
Hotel management services	–	1,080	–	1,080
Sub-total	88,358	11,249	–	99,607
Rental of carparks	–	370	–	370
Consolidated revenue	88,358	11,619	–	99,977
Inter-segment revenue	5,790	–	(5,790)	–
Total	94,148	11,619	(5,790)	99,977

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

4. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

All facility management services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

The Group bills a fixed amount for each hour of security services provided. The Group elected to apply the practical expedient by recognising revenue in the amount to which the Group has right to invoice. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. OTHER LOSS

	Six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss on disposal of property, plant and equipment	20	–

6. INCOME TAX EXPENSE

	Six months ended 30 September	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current tax:		
Current period		
— Hong Kong Profits Tax	3,757	1,965
Deferred tax:		
Current period	–	(1)
	3,757	1,964

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

7. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit and total comprehensive income for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	348	321
Depreciation of right-of-use assets	859	–
Bank interest income	(9)	(1)

8. DIVIDEND

During the six months ended 30 September 2018, HK\$8,000,000 dividend has been declared and paid by the Company's subsidiaries to the then shareholders before the completion of Reorganisation.

The rate of dividend and number of shares ranking for dividend are not presented as such information is not meaningful having regard to the purpose of these condensed consolidated financial statements.

No dividend has been declared or paid by the Company since its incorporation.

9. EARNINGS PER SHARE

The calculation of the basic earnings per share for the six months ended 30 September 2019 has been determined on the assumption that the Company had been the holding company of the subsidiaries as effective on 1 April 2018.

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

	Six months ended 30 September	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	11,806	5,081



NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

9. EARNINGS PER SHARE *(Continued)*

Number of shares

	Six months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	600,000,000	600,000,000

Pursuant to the written resolutions of the shareholders passed on 20 September 2019, the directors of the Company are authorised to allot and issue a total of 599,999,999 shares credited as fully paid at par to the holders of shares on the register of members of the Company at the close of business on 20 September 2019 (or as they may direct) in proportion to their respective shareholdings by way of capitalisation of the sum of HK\$5,999,99.99 standing to the credit of the share premium account of the Company as a result of the Listing on 22 October 2019, and the shares allotted and issued under this resolution rank pari passu in all respects with the existing issued shares.

Accordingly, the weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 September 2019 and 2018 had been adjusted retrospectively assuming that the Reorganisation and the issue of shares upon capitalisation of the share premium account have been effective from 1 April 2018 and accordingly, the 600,000,000 ordinary shares of the Company which were in issue and outstanding immediately after the share capitalisation (excluding the impact of the Listing in note 16) were assumed to have been issued and outstanding as at 1 April 2018.

No diluted earnings per share are presented for the six months ended 30 September 2019 and 2018 as there were no potential ordinary shares in issue.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

10. TRADE AND OTHER RECEIVABLES

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Trade receivables		
— Third parties	51,016	47,726
— Related parties	3,110	2,155
	54,126	49,881
Less: allowance for credit losses	(460)	(460)
	53,666	49,421
Uncertified revenue	43,585	57,680
Less: allowance for credit losses	(59)	(59)
	43,526	57,621
Deposits, other receivables and prepayments	18,814	16,881
	116,006	123,923

All the related parties above are companies controlled by Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma and Mr. Ma Ah Muk, directors of the Company. The Group allows credit periods of 30-120 days to all the customers.

Trade receivables

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

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
0–30 days	31,264	40,698
31–60 days	8,800	1,586
61–90 days	2,699	1,089
91–120 days	3,553	1,471
Over 120 days	7,350	4,577
	53,666	49,421



NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

11. AMOUNTS DUE FROM RELATED COMPANIES

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

12. AMOUNT(S) DUE TO A NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY/ RELATED PARTIES

All the amount(s) due to related parties, a non-controlling shareholder of a subsidiary are non-trade nature, unsecured, interest-free and repayable on demand.

13. BANK BORROWINGS

	As at 30 September 2019 HK\$'000 (Unaudited)	As at 31 March 2019 HK\$'000 (Audited)
Variable interest rate bank borrowings		
— Unsecured and guaranteed	46,000	57,000

The carrying amounts of the above bank borrowings are repayable within one year and contain a repayment on demand clause.

As at 30 September and 31 March 2019, bank borrowings carried variable interest rate at one month Hong Kong Interbank Offered Rate plus 1.75%.

The Group's bank borrowings were guaranteed by personal guarantees from Mr. Ma Ah Muk and Mr. KS Ma.

Under the terms of the banking facilities letter signed with the bank, the personal guarantees from Mr. Ma Ah Muk and Mr. KS Ma provided in relation to the bank borrowings have been released and replaced by corporate guarantee provided by the Company upon Listing of the Company on 22 October 2019.

14. SHARE CAPITAL

The share capital of the Group as at 1 April 2018 represented the share capital of following companies:

Name of companies	As at 1 April 2018 HK\$'000
IWS PM	10
IWS Security	3,000
IWS Carpark	10
IWS Cleaning	10
	3,030

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

14. SHARE CAPITAL (Continued)

The share capital of the Group as at 31 March 2019 and 30 September 2019 represented the issued share capital of the Company following the completion of Reorganisation on 25 May 2018 as detailed in Note 2.

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

	Number of shares	Amount	
		HK\$	HK\$'000
Ordinary shares of HK\$0.01 each			
Authorised:			
As at 23 March 2018 (date of incorporation) and 31 March 2019 (audited)	38,000,000	380,000	380
Increase in authorised share capital	1,962,000,000	19,620,000	19,620
As at 30 September 2019 (unaudited)	2,000,000,000	200,000,000	20,000
Issued and fully paid:			
As at 23 March 2018 (date of incorporation), 31 March 2019 (audited) and 30 September 2019 (unaudited)	1	0.01	–

15. FAIR VALUE MEASUREMENTS 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 condensed 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.

16. EVENTS AFTER THE REPORTING PERIOD

Since 22 October 2019, the Company has been listed on the GEM of the Stock Exchange by way of share offer. Pursuant to the Listing, the Company issued 200,000,000 new shares at the price of HK\$0.32 per share. The gross proceeds from the Listing were HK\$64,000,000.