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IWS Group Holdings Limited
國際永勝集團控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8441)

CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF THE MASTER SERVICES AGREEMENT

THE NEW MASTER SERVICES AGREEMENT

Reference is made to the prospectus of the Company dated 30 September 2019. Pursuant to the Master Services Agreement entered into between the Company and the Ma Family (for itself and on behalf of its affiliates), the Group agreed to provide Services to certain Ma Companies with effect from the date of the Master Services Agreement to 31 March 2022.

As the Master Services Agreement will expire on 31 March 2022, in order to continue to regulate the provision of the Services, on 22 December 2021, the Company and the Ma Family (for itself and on behalf of its affiliates) entered into the New Master Services Agreement for a term of three years commencing from 1 April 2022 to 31 March 2025.

IMPLICATIONS UNDER THE GEM LISTING RULES

Each of the Ma Companies is ultimately owned and controlled by the Ma Family, certain members of whom are executive Directors and/or Controlling Shareholders. Accordingly, each member of the Ma Family is a connected person of the Company pursuant to the GEM Listing Rules and the Services Transactions will constitute continuing connected transactions of the Company pursuant to Chapter 20 of the GEM Listing Rules.

Given that one or more of the applicable percentage ratios (as set out in the GEM Listing Rules) of the Annual Caps in respect of the Services Transactions is more than 5% but are less than 25% and the Annual Caps exceed HK\$10,000,000, the New Master Services Agreement is subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

The EGM will be convened and held for the Independent Shareholders to, among other things, consider and, if thought fit, approve the New Master Services Agreement, the Services Transactions and the Annual Caps. An Independent Board Committee has been established by the Company to consider the New Master Services Agreement, the Services Transactions and the Annual Caps, and to advise the Independent Shareholders as to whether the New Master Services Agreement, the Services Transactions and the Annual Caps are in the interests of the Company and the Shareholders as a whole. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing among other things, (i) details of the New Master Services Agreement, the Services Transactions and the Annual Caps; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) the notice of the EGM; and (v) other information as required by the GEM Listing Rules, will be despatched to the Shareholders on or before 13 January 2022.

INTRODUCTION

On 28 May 2018, the Company and the Ma Family (for itself and on behalf of its affiliates) entered into the Master Services Agreement in relation to the provision of the Services to certain Ma Companies.

RENEWAL OF THE MASTER SERVICES AGREEMENT

Background

Pursuant to the Master Services Agreement, certain Ma Companies have been engaging the Group for the provision of Services for their own real estates and public light bus facilities in Hong Kong. As the Master Services Agreement will expire on 31 March 2022, the Company and the Ma Family (for itself and on behalf of its affiliates) entered into the New

Master Services Agreement, pursuant to which the Group will continue to provide Services to the Ma Companies for a term of three years commencing from 1 April 2022 to 31 March 2025.

New Master Services Agreement

The principal terms of the New Master Services Agreement are as follows:

Date: 22 December 2021

Parties: (1) the Company
(2) Ma Family (for itself and on behalf of its affiliates)

Subject matter: The Company shall provide Services to certain Ma Companies for their own real estates and public light bus facilities in Hong Kong. The Ma Family shall engage or procure their respective associates and the Ma Companies to engage the Group for the provision of Services.

Condition precedent: The New Master Services Agreement is conditional upon the approval by the Independent Shareholders of the New Master Services Agreement, the Services Transactions contemplated thereunder and the Annual Caps at the EGM.

Term: A term of three years commencing from 1 April 2022 to 31 March 2025 (both dates inclusive), unless terminated earlier in accordance with the New Master Services Agreement.

Subject to re-compliance with the applicable GEM Listing Rules and where applicable, the Main Board Listing Rules at the relevant time, the New Master Services Agreement may be renewed at the end of the term unless either party gives written notice to the other party not later than two months before the end of the term to terminate the New Master Services Agreement.

References are made to the announcements issued by the Company dated 2 February 2021, 2 June 2021, 11 June 2021 and 14 December 2021. As the Company is currently seeking to transfer its listing status from GEM to the Main Board, in the event that the listing of the Shares is successfully transferred during the term of the New Master Services Agreement, the Services Transactions contemplated thereunder as well as the terms and conditions thereof shall be subject to the Main Board Listing Rules until the end of the term.

Historical transaction amounts

The table below sets out the historical aggregate annual transaction amounts in respect of the Services Transactions with the Ma Companies for the two years ended 31 March 2021 and the six months ended 30 September 2021:

	Historical transaction amounts		
	FY2020	FY2021	6M2021
	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(approx.)	(approx.)	(approx.)
Transaction amount of provision of			
— security services	7,546	7,616	4,377
— facility management services	<u>12,853</u>	<u>13,385</u>	<u>6,761</u>
Total aggregate transaction amounts	<u>20,399</u>	<u>21,001</u>	<u>11,138</u>

Proposed Annual Caps

The Company expects that the maximum aggregate Annual Caps in respect of the Services Transactions contemplated under the New Master Services Agreement for the financial years ending 31 March 2023, 2024 and 2025 will be as follows:

	Proposed annual caps for		
	FY2023	FY2024	FY2025
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Transaction amount of provision of			
— security services	11,000	12,500	15,000
— facility management services	<u>17,000</u>	<u>19,000</u>	<u>23,000</u>
Maximum aggregate transaction amounts	<u>28,000</u>	<u>31,500</u>	<u>38,000</u>

Pricing policy

The service fees receivable by the Group from the Ma Companies under the New Master Services Agreement are determined after arm's length negotiations between the parties and on a cost-plus basis with no material difference as compared to the Group's other Independent Third Party customers, and with reference to a number of factors, including the then prevailing market price for similar services offered in the market, the then terms which in any event be no more favourable to the Ma Companies than those offered by the Group to any of its other Independent Third Party customers, the number of workers expected to be deployed for each project and the potential impact of change in statutory minimum wage pursuant to the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) from time to time, management fees and inflation.

Basis of Annual Caps

Security services

The estimation of the proposed Annual Caps in respect of provision of security services was based on (i) the historical total transaction amounts for the year ended 31 March 2021 and the annualised transaction amounts estimated for the year ending 31 March 2022; and (ii) the estimated growth rates for each of the three years ending 31 March 2025 of nil, approximately 13.6% and 20.0%, respectively, which are calculated based on (a) the average historical growth rate in transaction amounts for the three years ended 31 March 2021; (b) the pricing policy adopted by the Group; and (c) the Directors' estimate of a buffer of 10.0% to account for any unexpected increase in demand of the security services.

Facility management services

The estimation of the proposed Annual Caps in respect of provision of facility management services was based on (i) the historical total transaction amounts for the year ended 31 March 2021 and the annualised transaction amounts estimated for the year ending 31 March 2022; and (ii) the estimated growth rates for each of the three years ending 31 March 2025 of nil, approximately 11.8% and 21.1%, respectively, which are calculated based on (a) the average historical growth rate in transaction amounts for the three years ended 31 March 2021; (b) the pricing policy adopted by the Group; and (c) the Directors' estimate of a buffer of 10.0% to account for any unexpected increase in demand of the facility management services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW MASTER SERVICES AGREEMENT

Certain Ma Companies have been engaging the Group for the provision of security services and facility management services for their own real estates and public light bus facilities in Hong Kong prior to the entering of the Master Services Agreement (when needed) as well as during the two years ended 31 March 2021 and up to the date hereof. The Ma Companies shall continue to engage the Group for the provision of the Services.

The Directors (other than (i) the independent non-executive Directors who will form an opinion after taken into consideration of the recommendation from the Independent Financial Adviser and (ii) Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma and Mr. Leo Ma, who are regarded as interested and have abstained from voting in respect of the Board resolutions for approving the New Master Services Agreement (including the Annual Caps) and the Services Transactions contemplated thereunder) (i) believe the New Master Services Agreement will bring stable income, reinforce the Group's revenue stream and cash flow and facilitate the future development plans of the Group; (ii) consider that the entering into of the New Master Services Agreement is in the ordinary and usual course of business of the Group; and (iii) consider the terms of the New Master Services Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board does not consider that there is any disadvantage to the Group in entering into the New Master Services Agreement.

Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma and Mr. Leo Ma, each being an executive Director, have abstained from voting on the relevant Board resolutions in connection with the New Master Services Agreement since they have a material interest therein. Save as disclosed above and to the best knowledge, information and belief of the Company, none of the Directors have any material interest in the New Master Services Agreement for which they would be required to abstain from voting on the relevant Board resolutions approving such documents pursuant to the articles of association of the Company.

INTERNAL CONTROL MEASURES

The Group will adopt the following internal control measures in connection with the continuing connected transactions under the New Master Services Agreement:

- (i) the relevant personnel from the financial department will closely monitor the Services Transactions to ensure that the transaction amounts do not exceed the proposed Annual Caps and will report his/her findings to the management of the Company on a monthly basis;

- (ii) the entering into and implementation of individual contracts shall be subject to appropriate approval of the management of the Company;
- (iii) the management of the Company will regularly examine the relevant pricing terms and monitor industry practice on the provision of similar services to ensure that the terms in relation to the Services Transactions contemplated under the New Master Services Agreement are fair and reasonable and are no more favourable to the Ma Companies than those to Independent Third Party customers;
- (iv) the external auditors of the Company shall conduct annual reviews on the pricing terms to ensure that the transaction amounts are within the proposed Annual Caps and that the Services Transactions are conducted on the principal terms of the New Master Services Agreement;
- (v) the audit committee of the Company will conduct an annual review of the pricing terms and transaction amounts in respect of the Services Transactions under the New Master Services Agreement; and
- (vi) the independent non-executive Directors shall review the management's reports on the Services Transactions under the New Master Services Agreements.

GEM LISTING RULES IMPLICATIONS

Each of the Ma Companies is ultimately owned and controlled by the Ma Family, certain members of whom are executive Directors and/or Controlling Shareholders. Accordingly, each member of the Ma Family is a connected person of the Company pursuant to the GEM Listing Rules and the Services Transactions will constitute continuing connected transactions of the Company pursuant to Chapter 20 of the GEM Listing Rules.

Given that one or more of the applicable percentage ratios (as set out in the GEM Listing Rules) of the Annual Caps in respect of the Services Transactions is more than 5% but are less than 25% and the Annual Caps exceed HK\$10,000,000, the New Master Services Agreement is subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

GENERAL

The Group is principally engaged in the provision of security services and facility management services across public and private sectors in Hong Kong.

The companies which are directly or indirectly owned and controlled by members of the Ma Family (other than the Group) are engaged in a wide range of businesses across various industries, such as the real estate, public light bus, finance, food and beverage and hotel management.

The Company will convene the EGM to seek approval from the Independent Shareholders for the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps. An Independent Board Committee, comprising all the independent non-executive Directors, has been established by the Company to advise the Independent Shareholders in relation to the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps. An Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular of the Company containing, among other things, (i) the details of the New Master Services Agreement, the Services Transactions and the proposed Annual Caps; (ii) a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders; (iv) the notice of the EGM; and (v) other information as required by the GEM Listing Rules, will be despatched to the Shareholders on or before 13 January 2022.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings when used herein:

“ Annual Caps ”	the maximum aggregate annual transaction amounts receivable by the Group for the Services for the three financial years ending 31 March 2025
“ associate(s) ”	has the meaning ascribed thereto under the GEM Listing Rules
“ Board ”	the board of Directors
“ Cambridge ”	Cambridge Investment (BVI) Limited (劍橋投資(BVI)有限公司), a company incorporated in the British Virgin Islands with limited liability on 7 February 2018 and wholly owned by Mr. Vince Ma

“Company”	IWS Group Holdings Limited (國際永勝集團控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8441)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Controlling Shareholders”	has the meaning ascribed thereto under the GEM Listing Rules and, in the context of this announcement means the Controlling Shareholders of the Company, namely, Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma, Morewood, Mandarin, Cambridge and IWS BVI
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held to consider and approve the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps
“FY”	the financial year ended/ending 31 March of the relevant year
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board which comprises Dr. Ng Ka Sing David, Ms. Chang Wai Ha and Mr. Yau Siu Yeung, established to give recommendation to the Independent Shareholders in relation to the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps

“Independent Financial Adviser”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the New Master Services Agreement, the Services Transactions contemplated thereunder and the proposed Annual Caps
“Independent Shareholders”	Shareholders other than the Controlling Shareholders and their respective associates, who do not have any material interest in the matters to be considered at the EGM
“Independent Third Party(ies)”	any person or company and its ultimate beneficial owner(s), to the best of the Company’s knowledge, information and belief, are third parties independent of the Company and its connected persons
“IWS BVI”	IWS Group Holdings Limited, a company incorporated in the British Virgin Islands with limited liability on 7 March 2018
“Ma Companies”	companies, directly or indirectly, owned and controlled by members of the Ma Family other than the Group
“Ma Family”	Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma and Mr. Leo Ma and their respective associates other than the Group
“Main Board”	the securities market operated by the Stock Exchange prior to the establishment of GEM (excluding the options market) which continues to be operated by the Stock Exchange in parallel with GEM, and for the avoidance of doubt, it does not include GEM for the purpose hereof
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time

“Mandarin”	Mandarin Asset Holdings Limited (文華資產控股有限公司), a company incorporated in the British Virgin Islands with limited liability on 7 February 2018 and wholly owned by Mr. KM Ma
“Master Services Agreement”	the master services agreement dated 28 May 2018 and supplemental agreement thereto dated 17 June 2019 entered into between the Ma Family (for itself and on behalf of its affiliates) as the client and the Company (for itself and on behalf of its affiliates) as the supplier
“Morewood”	Morewood Asset Holdings Limited (森業資產控股有限公司), a company incorporated in the British Virgin Islands with limited liability on 7 February 2018 and wholly owned by Mr. KS Ma
“Mr. KM Ma”	Mr. Ma Kiu Mo, an executive Director, the son of Mr. Ma Ah Muk and brother of Mr. KS Ma and Mr. Vince Ma, the uncle of Mr. Leo Ma and a Controlling Shareholder
“Mr. KS Ma”	Mr. Ma Kiu Sang, an executive Director, the son of Mr. Ma Ah Muk, brother of Mr. KM Ma and Mr. Vince Ma, and the father of Mr. Leo Ma and a Controlling Shareholder
“Mr. Leo Ma”	Mr. Ma Yung King Leo, an executive Director, the grandson of Mr. Ma Ah Muk, the son of Mr. KS Ma and the nephew of Mr. KM Ma and Mr. Vince Ma
“Mr. Ma Ah Muk”	Mr. Ma Ah Muk, the chairman of the Company, an executive Director, the father of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, the grandfather of Mr. Leo Ma and a Controlling Shareholder
“Mr. Vince Ma”	Mr. Ma Kiu Man Vince, an executive Director, the son of Mr. Ma Ah Muk, brother of Mr. KS Ma and Mr. KM Ma, the uncle of Mr. Leo Ma and a Controlling Shareholder
“New Master Services Agreement”	the new master services agreement dated 22 December 2021 entered into between the Ma Family (for itself and on behalf of its affiliates) as the client and the Company (for itself and on behalf of its affiliates) as the supplier

“ Services ”	the security services and facility management services which the Company agreed to provide to the Ma Companies
“ Services Transactions ”	with respect to the New Master Services Agreement, the provision of the Services as contemplated thereunder
“ Share(s) ”	ordinary share(s) of HK\$0.01 each in the aggregate nominal amount of the share capital of the Company
“ Shareholder(s) ”	holder(s) of the Share(s)
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ 6M2021 ”	for the six months ended 30 September 2021
“ % ”	per cent

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

Hong Kong, 22 December 2021

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

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

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