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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: 6663)

CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF THE MASTER SERVICES AGREEMENT

THE 2025 MASTER SERVICES AGREEMENT

Reference is made to the circular of the Company dated 11 February 2022. Pursuant to the Master Services Agreement, the Group agreed to provide Services to certain Ma Companies with effect from the date of the Master Services Agreement to 31 March 2025.

As the Master Services Agreement will expire on 31 March 2025, in order to continue to regulate the provision of the Services, on 23 December 2024, the Company and the Ma Family (for itself and on behalf of its affiliates) entered into the 2025 Master Services Agreement for a term of three years commencing from 1 April 2025 to 31 March 2028.

IMPLICATIONS UNDER THE 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 Listing Rules and the Services Transactions will constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

INTRODUCTION

On 22 December 2021, 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 2025, the Company and the Ma Family (for itself and on behalf of its affiliates) entered into the 2025 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 2025 to 31 March 2028.

2025 Master Services Agreement

The principal terms of the 2025 Master Services Agreement are as follows:

Date: 23 December 2024

Parties:

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

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

Condition precedent: The 2025 Master Services Agreement is conditional upon the approval by the Independent Shareholders of the 2025 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 2025 to 31 March 2028 (both dates inclusive), unless terminated earlier in accordance with the 2025 Master Services Agreement.

Subject to re-compliance with the applicable Listing Rules at the relevant time, the 2025 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 2025 Master Services Agreement.

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 2024 and the six months ended 30 September 2024:

	Historical transaction amounts		
	FY2023	FY2024	6M FY2025
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
	<i>(approx.)</i>	<i>(approx.)</i>	<i>(approx.)</i>
Transaction amount of provision of			
— security services	7,547	7,155	3,528
— facility management services	<u>12,495</u>	<u>12,518</u>	<u>6,674</u>
Total aggregate transaction amounts	<u><u>20,042</u></u>	<u><u>19,673</u></u>	<u><u>10,202</u></u>

Proposed Annual Caps

The Company expects that the maximum aggregate Annual Caps in respect of the Services Transactions contemplated under the 2025 Master Services Agreement for the financial years ending 31 March 2026, 2027 and 2028 will be as follows:

	Proposed annual caps for		
	FY2026	FY2027	FY2028
	(HK\$'000)	(HK\$'000)	(HK\$'000)
Transaction amount of provision of			
— security services	15,000	15,500	16,000
— facility management services	<u>23,000</u>	<u>23,500</u>	<u>24,000</u>
Maximum aggregate transaction amounts	<u>38,000</u>	<u>39,000</u>	<u>40,000</u>

Pricing policy

The Fees 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. The estimated cost is determined with reference to a number of factors primarily comprising (i) the then prevailing market price for similar services offered in the market, (ii) 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, (iii) the number of workers (both full-time and casual) expected to be deployed for each project with reference to amongst others, the urgency of the intended timetable, location and complexity of the work or services and (iv) 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 and inflation. After working on an estimated cost, the Group then determined on a profit margin to be charged with reference to the then prevailing margin charged by the Group to Independent Third Parties for comparable services, which such profit margin shall be not less than 10% for security services and 8% for facility management services.

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 two years ended 31 March 2024 and the annualised transaction amounts estimated for the year ending 31 March 2025; (ii) four potential contracts which the Company is currently in negotiation with the Ma Companies which if materialised, are currently expected to commence in 2025; and (iii) the estimated growth rates for each of the three years ending 31 March 2028 of nil, approximately 3.3% and 3.2%, respectively, based on the pricing policy adopted by the Group, in particular, the expected increase in statutory minimum wage by approximately 6.2% and the expected inflation by approximately 1.4% for each of the three years ending 31 March 2028, respectively, which have been taken into consideration in the estimation of the proposed Annual Caps for the security services, and the Directors' estimate of a buffer of 10.0% to account for any unexpected increase in demand of the security services. In light of the slow but gradual recovery in market conditions and macroeconomic environment in the post COVID-19 era, the management of the Company is of the view that it is prudent to adopt a relatively moderate growth rate for the estimation of the proposed Annual Caps for 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 two years ended 31 March 2024 and the annualised transaction amounts estimated for the year ending 31 March 2025; (ii) four potential contracts which the Company is currently in negotiation with the Ma Companies which if materialised, are currently expected to commence in 2025; and (iii) the estimated growth rates for each of the three years ending 31 March 2028 of nil, approximately 2.2% and 2.1%, respectively, based on the pricing policy adopted by the Group, in particular, the expected increase in statutory minimum wage by approximately 6.2% and the expected inflation by approximately 1.4% for each of the three years ending 31 March 2028, respectively, which have been taken into consideration in the estimation of the proposed Annual Caps for the facility management services, and the Directors' estimate of a buffer of 10.0% to account for any unexpected increase in demand of the facility management services. In light of the slow but gradual recovery in market conditions and macroeconomic environment in the post

COVID-19 era, the management of the Company is of the view that it is prudent to adopt a relatively moderate growth rate for the estimation of the proposed Annual Caps for the facility management services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2025 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 prior to the entering of the Master Services Agreement and up to the date hereof. The Ma Companies shall continue to engage the Group for the provision of the Services.

The Directors (excluding 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 2025 Master Services Agreement (including the Annual Caps) and the Services Transactions contemplated thereunder) (i) believe the 2025 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 2025 Master Services Agreement is in the ordinary and usual course of business of the Group; and (iii) consider the terms of the 2025 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 2025 Master Services Agreement.

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 2025 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 2025 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 Services Transactions and Fees under the 2025 Master Services Agreement:

The Services Transactions

- (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 on a monthly basis 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 2025 Master Services Agreement are fair and reasonable and are no more favourable to the Ma Family than those to Independent Third Parties;
- (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 2025 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 2025 Master Services Agreement; and
- (vi) the independent non-executive Directors shall review the management's reports on the Services Transactions under the 2025 Master Services Agreement.

The Fees

- (i) the relevant personnel from the finance departments of the Company will closely examine the Fees and compare them with the services fees available to Independent Third Party customers (including the profit margin adopted) and will report their findings to the management of the Company on a monthly basis;
- (ii) the management of the Company will monitor closely factors affecting the estimation of cost for providing the Services to the Ma Companies, including but not limited to the prevailing market conditions, supply of manpower, relevant laws and regulations relating to labour, etc., and update the estimated cost in each individual transaction under the 2025 Master Services Agreement from time to time;
- (iii) the setting of Fees as a clause contained in each individual transaction shall be subject to the examination and approval from the management of the Company; and
- (iv) the management of the Company shall, on a monthly basis, review and consider the historical average price of similar services provided to Independent Third Party customers in order to ascertain whether the mark-up on the Fees is on normal commercial terms and on terms no less favourable than terms available to Independent Third Party customers.

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 Listing Rules and the Services Transactions will constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios (as set out in the 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 2025 Master Services Agreement is subject to the reporting, announcement, circular, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION OF THE PARTIES

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 2025 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 2025 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 2025 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 Listing Rules, will be despatched to the Shareholders on or before 16 January 2025.

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 each of the three financial years ending 31 March 2028
“ associate(s) ”	has the meaning ascribed thereto under the Listing Rules

“Board”	the board of directors of the Company
“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 the Stock Exchange (stock code: 6663)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and, in the context of this announcement means the Controlling Shareholders of the Company, namely, 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 2025 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
“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 2025 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 2025 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

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ma Companies”	companies, directly or indirectly, owned and controlled by members of the Ma Family other than the Group
“Ma Family”	Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma and Mr. Leo Ma and their respective associates (as defined in the Listing Rules) other than the Group
“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 22 December 2021 entered into between the late Mr. Ma Ah Muk (for himself and on behalf of his affiliates then), 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. KS Ma”	Mr. Ma Kiu Sang, an executive Director, the son of the late 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. KM Ma”	Mr. Ma Kiu Mo, an executive Director, the son of the late Mr. Ma Ah Muk, brother of Mr. KS Ma and Mr. Vince Ma, the uncle of Mr. Leo Ma and a Controlling Shareholder
“Mr. Leo Ma”	Mr. Ma Yung King Leo, an executive Director, the son of Mr. KS Ma, the nephew of Mr. KM Ma and Mr. Vince Ma and the grandson of the late Mr. Ma Ah Muk
“Mr. Ma Ah Muk”	Mr. Ma Ah Muk, who was the chairman of the Board, an executive Director and a controlling shareholder prior to his passing away, the father of Mr. KS Ma, Mr. KM Ma and Mr. Vince Ma, and the grandfather of Mr. Leo Ma
“Mr. Vince Ma”	Mr. Ma Kiu Man Vince, an executive Director, the son of the late Mr. Ma Ah Muk, brother of Mr. KS Ma and Mr. KM Ma, the uncle of Mr. Leo Ma and a Controlling Shareholder
“Services”	the security and facility management services which the Company agreed to provide to the Ma Companies
“Services Transactions”	with respect to the 2025 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
“ 2025 Master Services Agreement ”	the new master services agreement dated 23 December 2024 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
“ 6M FY2025 ”	for the six months ended 30 September 2024
“ % ”	per cent

By Order of the Board
IWS Group Holdings Limited
Ma Kiu Sang
Executive Director and Chairman

Hong Kong, 23 December 2024

As at the date of this announcement, the executive Directors of the Company are 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.