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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
FRAMEWORK AGREEMENT**

FRAMEWORK AGREEMENT

The Board is pleased to announce that the Company, N1 and NEXXTECH entered into the Framework Agreement on 25 March 2025 in relation to the provision of security system services by the Group for a term commencing from 25 March 2025 to 31 March 2027 (both dates inclusive).

IMPLICATIONS UNDER THE LISTING RULES

As Mr. Lee is a director of IWS-N1, a non-wholly-owned subsidiary of the Company, and Mr. Lee directly owns (i) approximately 46.67% of N1 and (ii) 100% of NEXXTECH, Mr. Lee is a connected person of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules. Therefore, the transactions under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Framework Agreement and the transactions under the Pilot Scheme took place within a 12-month period pursuant to Rule 14.22 of the Listing Rules and both are entered into with the same parties and of the same nature, the transactions under the Framework Agreement and the Pilot Scheme shall be aggregated as a series of transactions.

Pursuant to the Listing Rules, as one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the transactions under the Pilot Scheme and with reference to the Annual Caps of the Framework Agreement calculated on an aggregated basis exceeds 0.1% but all are less than 5%, the transactions contemplated thereunder are exempt from circular (including independent financial advice) and shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 25 March 2025 (after trading hours), the Company entered into the Framework Agreement with N1 and NEXXTECH in relation to the provision of the Services to N1 and NEXXTECH for a term commencing from 25 March 2025 to 31 March 2027.

BACKGROUND

In order to seize emerging business opportunities and to leverage the Group's close business network and relationship established in the security industry, extensive sales channels, strong financial and technological resources, the Group has been developing and expanding into the security system services sector since the second half of 2024. Under the current business model of the Group in the security system services sector, the Group provides customized comprehensive cutting-edge solutions to meet the demands of modern security and facility management needs, particularly in key areas such as closed circuit television (“CCTV”) surveillance systems, access control systems, and digital display systems. Such tailored one-stop solution services to business clients involve procurement, assembly, operation and maintenance of security systems.

A pilot scheme (“**Pilot Scheme**”) of the aforesaid business model in respect of individual clients has been carried out since July 2024. Under the Pilot Scheme, the Group on a case-by-case basis assisted N1 and NEXXTECH to provide tailored security system services including the design, installation, and maintenance of CCTV surveillance and access control systems, to ensure the highest levels of security and safety and safeguard properties of business clients. The security system services provided by the Group typically include 24/7 monitoring, system upgrades,

and integration with advanced technologies for enhanced functionality. Additionally, the Group also offered event-based security services and mobile patrol services, which were designed to address specific requirements of the clients, providing thorough protection for residential, commercial, and public areas. By combining these various services, the Group delivered reliable, scalable, and tailored security measures to meet the needs of business clients. As N1 and NEXXTECH have rich experience and extensive network in the security system services sector, the Group recognizes the business potential in leveraging its strong relationship with N1 and NEXXTECH to expand its operations and connecting with new prospective clients, thereby enhancing its market presence and penetration.

As the market reaction has been satisfactory, the Group intends to expand the scale of the Pilot Scheme by reaching out to more potential clients, and for such purpose, the Company has entered into the Framework Agreement to set out the framework for deepening the continuing co-operation between the Group, N1 and NEXXTECH. For the avoidance of doubt, as all applicable percentage ratios (other than the profits ratio) (as defined under the Listing Rules) in respect of the transactions under the Pilot Scheme (whether on a standalone basis or an aggregated basis) were all less than 1%, the transactions thereunder were de minimis transactions which are fully exempt from all disclosure requirements under Chapters 14A of the Listing Rules.

FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are as follows:

Date:	25 March 2025
Parties:	(1) the Company (for itself and on behalf of its affiliates) (2) N1 (3) NEXXTECH
Subject matter:	N1 and NEXXTECH shall engage the Group for the provision of Services.
Condition precedent:	The Framework Agreement is conditional on and subject to the compliance by the Company with relevant Listing Rules requirements in respect of the Framework Agreement.

Term: The term shall be commencing from 25 March 2025 to 31 March 2027 (both dates inclusive), unless terminated earlier in accordance with the Framework Agreement.

Proposed Annual Caps

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

	Proposed annual caps for		
	FY2025	FY2026	FY2027
	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(Note)		
Transaction amount of provision of security system services	<u>12,500</u>	<u>13,000</u>	<u>13,000</u>

Note: For the avoidance of doubt, the abovementioned annual caps cover the transaction amounts of the Pilot Scheme.

Basis of Annual Caps

The estimation of the proposed Annual Caps in respect of provision of the Services was based on (i) the transaction amount under the Pilot Scheme from 1 July 2024 to 28 February 2025 of approximately HK\$3.2 million; (ii) the estimated transaction amounts of approximately HK\$7.8 million for the month ending 31 March 2025, pursuant to the existing agreements and the expected timeline of completion for the existing projects under the Pilot Scheme; (iii) the estimated transaction amounts of approximately HK\$6.7 million for FY2026, pursuant to the existing agreements and the expected timeline of completion for the existing projects; (iv) the anticipated number of tenders to be submitted by either N1 or NEXXTECH in FY2026 and the corresponding transaction amounts, which are expected to be recognised as revenue since FY2026; and (v) the Directors' estimate of a buffer of 10.0% to account for any unexpected increase in demand of the security system services.

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 Group generally allows a credit period of 90 days to N1 and NEXXTECH, which in any event are no more favourable to N1 and NEXXTECH than those offered to Independent Third Party customers. The estimated costs, primarily consisting of the costs of labour, hardware and software, may vary depending on various factors. These factors including (i) the nature of service; (ii) the complexity and level of security of the security system, (iii) the equipment requirements; (iv) the size and intricacy of the client's business; (v) compliance with industry regulations; (vi) the installation, maintenance, and support services provided by the Group's technical staff; (vii) the necessary hardware components such as cameras, sensors, and control panels; (viii) the required software, and (ix) the client's specific needs. 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, which the management of the Company will make reference to no less than three fees quotations for comparable services offered by Independent Third Party service providers every quarter; (ii) the then terms which in any event be no more favourable to N1 and NEXXTECH than those offered by the Group to any of its other Independent Third Party customers; (iii) the estimated number of technical staff, the types and quantity of hardware and software required; and (iv) the urgency of the intended project timetable, scale and complexity of the required services. 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 average of the profit margin shall be not less than 10% for the Services.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

As mentioned in the section headed "BACKGROUND" above, the Group expanded into the field of security system services to further diversify its business scope and to leverage its close relationships in the security service industry, extensive sales channels, strong financial resources and technology.

The entering of Framework Agreement (i) provides the Group with a streamlined approach to cultivating a dependable partnership and securing long-term collaborations with N1 and NEXXTECH, featuring pre-agreed terms, pricing, and performance benchmark; (ii) eliminates the need for repetitive procurement processes and reduces both time and administrative burdens of the Group; (iii) offers the Group flexibility to adjust services in response to evolving security requirements, while maintaining cost predictability and consistent service quality; and (iv) facilitates faster deployment of security solutions, making it an effective and pragmatic solution for addressing ongoing security demands.

In light of the above, the Directors (including the independent non-executive Directors) (i) believe the Framework 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 Framework Agreement is in the ordinary and usual course of business of the Group; and (iii) consider the terms of the Framework 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 Framework Agreement.

INTERNAL CONTROL MEASURES

The Group will adopt the following internal control measures in connection with the Services Transactions and fees under the Framework 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 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 Framework Agreement are fair and reasonable and are no more favourable to N1 and NEXXTECH 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 Framework 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 Framework Agreement; and
- (vi) the independent non-executive Directors shall review the management's reports on the Services Transactions under the Framework 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 N1 and NEXXTECH, 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 Framework 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 in the fees is on normal commercial terms and on terms no less favourable than terms available to Independent Third Party customers.

LISTING RULES IMPLICATIONS

As Mr. Lee is a director of IWS-N1, a non-wholly-owned subsidiary of the Company, and Mr. Lee directly owns (i) approximately 46.67% of N1 and (ii) 100% of NEXXTECH, Mr. Lee is a connected person of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules. Therefore, the transactions under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the Framework Agreement and the transactions under the Pilot Scheme took place within a 12-month period pursuant to Rule 14.22 of the Listing Rules and both are entered into with the same parties and of the same nature, the transactions under the Framework Agreement and the Pilot Scheme shall be aggregated as a series of transactions.

Pursuant to the Listing Rules, as one or more of the applicable percentage ratios (other than the profits ratio) under Rule 14.07 of the Listing Rules in respect of the transactions under the Pilot Scheme and with reference to the Annual Caps of the Framework Agreement calculated on an aggregated basis exceeds 0.1% but all are less than 5%, the transactions contemplated thereunder are exempt from circular (including independent financial advice) and shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, notwithstanding Mr. Leo Ma is also a director of IWS-N1, he does not own any shareholding in IWS-N1, therefore he is not considered as having a material interest in the transactions contemplated under the Framework Agreement. All the Directors are entitled to vote on the relevant Board resolutions considering and approving the Framework Agreement and the transactions contemplated thereunder pursuant to the articles of association of the Company.

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.

N1 is principally engaged in design, installation and maintenance of security and internet of things system. As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, N1 is owned as to 46.67% by Mr. Lee, 30.83% by Mr. Wong Hing Sang and 22.5% by Mr. Chan Ting Wong Duncan. Both Mr. Wong Hing Sang and Mr. Chan Ting Wong Duncan are Independent Third Parties.

NEXXTECH is principally engaged in design and supply of artificial intelligence and internet of things system.

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 2027
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of directors of the Company
“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
“Directors”	the directors of the Company
“Framework Agreement”	the framework agreement dated 25 March 2025 entered into between the N1 and NEXXTECH as the clients and the Company (for itself and on behalf of its affiliates) as the supplier
“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 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-N1”	IWS-N1 Solutions Limited, a company incorporate in Hong Kong with limited liability and a non-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Mr. Lee”	Mr. Lee Man Ho, Chris, a director of IWS-N1, who directly owns (i) approximately 46.67% of N1 and (ii) 100% of NEXXTECH
“Mr. Leo Ma”	Mr. Ma Yung King Leo, an executive Director and a director of IWS-N1
“NEXXTECH”	NEXXTECH Innovation Limited, a company incorporated in Hong Kong with limited liability and directly wholly-owned by Mr. Lee
“N1”	N1 Solutions Limited, a company incorporated in Hong Kong with limited liability and directly non-wholly owned by Mr. Lee
“Services”	the security system services which the Company agreed to provide to N1 and NEXXTECH
“Services Transactions”	with respect to the Framework 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
“%”	per cent

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

Hong Kong, 25 March 2025

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.