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IMS Group Holdings Limited

英馬斯集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8136)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2018

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.

*This announcement, for which the directors (the “**Directors**”) of IMS Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**We**”) 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 Group. 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.*

FINANCIAL HIGHLIGHTS

1. The Group has recorded an unaudited total revenue of approximately HK\$57.6 million for the nine months ended 31 December 2018, which represented an increase of approximately 22.6% as compared to the nine months ended 31 December 2017.
2. The Group recorded an unaudited profit attributable to owners of the Company for the nine months ended 31 December 2018 of approximately HK\$6.2 million, which represented an increase of approximately 416.7% as compared to the nine months ended 31 December 2017.
3. The board of directors (the “**Board**”) does not recommend the payment of interim dividend for the nine months ended 31 December 2018.

THIRD QUARTERLY RESULTS

The Board of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months and nine months ended 31 December 2018, together with the comparative unaudited figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2018

		Three months ended 31 December		Nine months ended 31 December	
		2018	2017	2018	2017
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue	4	18,688	12,416	57,570	46,958
Direct costs		(9,870)	(6,383)	(28,431)	(22,753)
Gross profit		8,818	6,033	29,139	24,205
Other income		17	—	34	18
Other gains and losses, net		217	15	179	55
Administrative expenses		(7,126)	(4,610)	(19,457)	(13,508)
Finance costs		—	—	—	(147)
Listing expenses		—	(1,241)	—	(7,491)
Profit before income tax expense	5	1,926	197	9,895	3,132
Income tax expense	7	(794)	(984)	(3,658)	(1,940)
Profit/(loss) for the period and attributable to owners of the Company		1,132	(787)	6,237	1,192
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		91	87	(1,348)	238
Other comprehensive income for the period and attributable to owners of the Company, net of tax		91	87	(1,348)	238
Total comprehensive income for the period and attributable to owners of the Company		1,223	(700)	4,889	1,430
Earnings/(loss) per share		HK cents	HK cents	HK cents	HK cents
Basic and diluted	8	0.11	(0.08)	0.62	0.12

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2018

	Attributable to owners of the Company						
	Share capital <i>HK\$'000</i>	Share premium ⁽²⁾ <i>HK\$'000</i>	Merger reserve ⁽³⁾ <i>HK\$'000</i>	Exchange reserve ⁽⁴⁾ <i>HK\$'000</i>	Statutory		Total <i>HK\$'000</i>
					surplus reserve ⁽⁵⁾ <i>HK\$'000</i>	Retained Profits ⁽⁶⁾ <i>HK\$'000</i>	
As at 31 March 2018 (audited)	1,000	50,946	8	718	1,324	6,023	60,019
Profit for the period	—	—	—	—	—	6,237	6,237
Transfer to Statutory surplus reserve	—	—	—	—	1,103	(1,103)	—
Exchange differences on translating foreign operations	—	—	—	(1,348)	—	—	(1,348)
Total comprehensive income for the period	—	—	—	(1,348)	1,103	5,134	4,889
As at 31 December 2018 (unaudited)	1,000	50,946	8	(630)	2,427	11,157	64,908
As at 31 March 2017 (audited)	—⁽¹⁾	—	8	(85)	250	10,622	10,795
Profit for the period	—	—	—	—	—	1,192	1,192
Exchange differences on translating foreign operations	—	—	—	238	—	—	238
Total comprehensive income for the period	—	—	—	238	—	1,192	1,430
Issue of shares under group reorganisation	— ⁽¹⁾	—	—	—	—	—	— ⁽¹⁾
As at 31 December 2017 (unaudited)	—⁽¹⁾	—	8	153	250	11,814	12,225

Notes:

- (1) Represents an amount less than HK\$1,000.
- (2) Share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.
- (3) Merger reserve represents the difference between the Company's investment costs in subsidiaries and the aggregated share capital of the subsidiaries whose shares were transferred to the Company pursuant to the Reorganisation.
- (4) Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation.
- (5) In accordance with the relevant regulation in the PRC, a subsidiary operating in the PRC is required to transfer 10% of its profits after tax, as determined under the accounting regulations in the PRC, to the statutory surplus reserve, until the balance of the fund reaches 50% of its respective registered capital. The statutory surplus reserve is non-distributable, and is subject to certain restrictions set out in the relevant regulations in the PRC. This reserve can be used either to offset against accumulated losses or be capitalised as paid-up capital. However, such balance of the statutory surplus reserve must be maintained at a minimum of 25% of paid-up capital after the above usages.
- (6) Retained profits represents cumulative net profits recognised in the consolidated statements of profit or loss and other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands on 15 February 2017, as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at the offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Since 13 October 2017, the principal place of business has been changed from Unit 1201, Block C, Seaview Estate, No.8 Watson Road, Hong Kong to Room 1, 18/F, 148 Electric Road, North Point, Hong Kong.

The Company, an investment holding company, and its subsidiaries (together referred to the “**Group**”) are principally engaged in the sale of LED lighting fixtures and visual-audio system, provision of integrated LED lighting solution services, project and consultancy and LED lighting system maintenance services.

In the opinion of the directors of the Company, the Company’s immediate and ultimate holding company is The Garage Investment Limited, a company incorporated in British Virgin Islands (the “**BVI**”).

2. BASIS OF PREPARATION

The unaudited condensed consolidated results have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the “**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The unaudited condensed consolidated results have been prepared under historical cost convention.

The principal accounting policies used in the unaudited condensed consolidated results for the nine months ended 31 December 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2018, except for the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group.

The adoption of these new and revised HKFRSs has had no material effect on the amounts reported in these condensed consolidated results and/or disclosures set out in these condensed consolidated results. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

3. SEGMENT INFORMATION

The Group was principally engaged in sale of LED lighting fixtures and visual-audio system, provision of integrated LED lighting solution services, project consultancy and LED lighting system maintenance services. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole. The Group's resources are integrated and as a result, no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

4. REVENUE

Revenue includes the net invoiced value of goods sold, project consultancy and maintenance services rendered and contracts on LED lighting solution projects earned by the Group. The amounts of each significant category of revenue recognised during the respective periods are as follows:

	Three months ended		Nine months ended	
	31 December		31 December	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sale of LED lighting fixtures	15,236	11,278	52,117	44,368
Integrated LED lighting solution services	2,565	831	2,565	1,951
LED lighting system consultation and maintenance services	881	256	2,807	571
Sale of visual-audio systems	6	51	81	68
	<u>18,688</u>	<u>12,416</u>	<u>57,570</u>	<u>46,958</u>

5. PROFIT BEFORE INCOME TAX

The Group's profit before income tax expense is arrived at after charging:

	Three months ended 31 December		Nine months ended 31 December	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Costs of inventories recognised as expenses	7,884	5,134	23,987	19,177
Auditor's remuneration	341	300	649	618
Amortisation	6	—	19	—
Depreciation	93	116	329	274
Operating lease rentals in respect of:				
— Land and buildings	651	589	1,886	1,466
— Plant and equipment	15	14	44	30
Provision of impairment on trade receivables, net	1,150	(60)	1,450	40
Employee benefit expenses (<i>Note 6</i>)	4,311	4,008	13,631	10,490
Exchange (gain)/loss, net	(40)	44	(2)	5
Listing expenses	—	1,241	—	7,491
	=====	=====	=====	=====

6. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	Three months ended 31 December		Nine months ended 31 December	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fees, wages and salaries	4,069	3,696	12,693	9,928
Post-employment benefits - payment to defined contribution retirement plan	153	214	455	405
Other benefits	89	98	483	157
	=====	=====	=====	=====
	4,311	4,008	13,631	10,490
	=====	=====	=====	=====

7. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	Three months ended 31 December		Nine months ended 31 December	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current tax - Hong Kong profits tax				
— current year	—	(51)	—	558
Current tax - overseas profits tax				
— current year	794	1,035	3,658	1,368
— under-provision in respect of the prior year	—	—	—	14
	<u>794</u>	<u>1,035</u>	<u>3,658</u>	<u>1,382</u>
Income tax expense	<u>794</u>	<u>984</u>	<u>3,658</u>	<u>1,920</u>

Hong Kong profits tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits during the respective period.

The PRC subsidiary is subject to PRC Enterprise Income Tax at 25% (2017: 25%) during the respective period.

8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Three months ended 31 December		Nine months ended 31 December	
	2018	2017	2018	2017
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Earnings/(loss)				
Earnings/(loss) for the purpose of basic earnings per share	<u>1,132</u>	<u>(787)</u>	<u>6,237</u>	<u>1,192</u>
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share <i>(Note)</i>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>

Note:

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during respective periods.

Number of ordinary shares for the purpose of calculating basic and diluted earnings/(loss) per share has been determined on the assumption that the Reorganisation, capitalisation and Share Offer had been effective from 1 April 2016.

Diluted earnings/(loss) per share is same as basic earnings per share as there was no potential dilutive ordinary shares for the period ended 31 December 2018 and 2017.

9. DIVIDENDS

No dividend has been paid or declared by the Company for the nine months ended 31 December 2018 (nine months ended 31 December 2017: nil).

10. CAPITAL COMMITMENT

As at 31 December 2018, the Group is committed to purchase item of property, plant and equipment of HK\$132,000 (31 March 2018: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in provision of light-emitting diode (“LED”) lighting fixtures and integrated LED lighting solution services for retail stores of world-renowned end-user luxury brands mainly in the Asia market.

For the nine months ended 31 December 2018, the Group recorded revenue of approximately HK\$57.6 million and profit attributable to owners of the Company of approximately HK\$6.2 million, as compared to revenue of approximately HK\$47.0 million and profit attributable to owners of the Company of approximately HK\$1.2 million for the nine months ended 31 December 2017. The Group considers the improvement in profit is attributed by the absence of non-recurring listing expense for the nine months ended 31 December 2018 (for the nine months ended 31 December 2017: HK\$7.5 million).

The following table sets forth the details of the Group’s revenue sources:

	For the nine months ended 31 December			
	2018		2017	
	<i>HK\$’million</i>	<i>%</i>	<i>HK\$’million</i>	<i>%</i>
	(unaudited)		(unaudited)	
Sales of LED lighting fixtures	52.1	90.5	44.4	94.5
Integrated LED lighting solution services	2.6	4.5	1.9	4.0
LED lighting consultation and maintenance services	2.8	4.9	0.6	1.3
Sales of visual-audio systems	0.1	0.1	0.1	0.2
	<u>57.6</u>	<u>100.0</u>	<u>47.0</u>	<u>100.0</u>

Sales of LED lighting fixtures

For the sales of LED lighting fixtures, it has increased from HK\$44.4 million for the nine months ended 31 December 2017 to HK\$52.1 million for the nine months ended 31 December 2018, represents an increase of 17.3% or HK\$7.7 million, which is directly contributed by the increase in number of projects in the PRC for the nine months ended 31 December 2018.

Integrated LED lighting solution services

During the nine months ended 31 December 2018, we have completed an integrated LED lighting solution project in Singapore with a contract sum of approximately HK\$2.6 million.

LED lighting consultation and maintenance service

Our revenue generated from LED lighting consultation and maintenance service increased significantly from HK\$0.6 million for the nine months ended 31 December 2017 to HK\$2.8 million for the nine months ended 31 December 2018, represents an increase of HK\$2.2 million in this segment. The increase of revenue generated from maintenance service is directly related to increase in projects completed in recent years. During the nine months ended 31 December 2018, we have completed a system consultancy project with a contract sum of approximately HK\$0.7 million.

Sales of visual-audio systems

As minimal resources have been deployed to this segment, we have recorded revenue of HK\$0.1 million for the nine months ended 31 December 2018, representing 0.1% of our Group's revenue.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK\$10.6 million or 22.6%, from HK\$47.0 million for the nine months ended 31 December 2017 to HK\$57.6 million for the nine months ended 31 December 2018, as sales of LED lighting fixtures has been increased by HK\$7.7 million for the nine months ended 31 December 2018.

Direct Costs and Gross Profit

Our direct costs comprise of components, staff costs, subcontracting fee and labour costs. The direct costs increased by approximately HK\$5.6 million or 24.6%, from HK\$22.8 million for the nine months ended 31 December 2017 to HK\$28.4 million for the nine months ended 31 December 2018, which is in line with the increase in revenue for the nine months ended 31 December 2018.

Our gross profit increased by HK\$4.9 million from HK\$24.2 million for the nine months ended 31 December 2017 to HK\$29.1 million for the nine months ended 31 December 2018, and the gross profit margin remained stable at 50.5% and 51.5% for the nine months ended 31 December 2018 and 2017 respectively.

Administrative Expenses

Our administrative expenses mainly comprise of salaries and allowance expenses, accounting for 56.7% and 60.3% for the nine months ended 31 December 2018 and 2017, respectively. The administrative expenses increased by approximately HK\$6.0 million or 44.4%, from HK\$13.5 million for the nine months ended 31 December 2017 to HK\$19.5 million for the nine months ended 31 December 2018. With increase in headcount and increase in monthly average salary, and discretionary bonus paid for the nine months ended 31 December 2018, employee benefit expense has been increased by HK\$2.5 million for the nine months ended 31 December 2018. Provision of impairment of HK\$1.5 million has been provided on a customer with long ageing for the nine months ended 31 December 2018. In addition, the Group has been successfully listed on the GEM of Stock Exchange on 25 January 2018 and hence, the associated legal and professional fee has been inevitably increased by HK\$1.5 million for the nine months ended 31 December 2018. Moreover, we have rented an extra premise for office purpose in July 2018, which lead to an increase in rental expense by HK\$0.2 million.

Income Tax Expense

Income tax expense has been increased significantly from HK\$1.9 million for the nine months ended 31 December 2017 to HK\$3.7 million for the nine months ended 31 December 2018, as our PRC subsidiary, Shenzhen CH Alliance Trading Co., Ltd, has showed a significant increase in revenue during the period which subjected to a PRC Enterprise Income Tax rate of 25% primarily due to the increase in the number of projects in PRC.

Profit for the period

The Group recorded a profit of approximately HK\$6.2 million attributable to owners of the Company for the nine months ended 31 December 2018, which represents an increase of 416.7% or HK\$5.0 million compared to the nine months ended 31 December 2017. The increase in profit is primarily caused by the absence of non-recurring listing expense for the nine months ended 31 December 2018 (for the nine months ended 31 December 2017: HK\$7.5 million).

Dividend

The Board does not recommend the payment of an interim dividend for the period ended 31 December 2018 (period ended 31 December 2017: nil).

OUTLOOK

Currently, the US-China trade war turns fierce and has slowed down the global economic growth in 2019, especially in the mainland China. The official PMI of mainland China has fallen below 50.0 to 49.4 in December 2018. Luxury renowned brands may postpone their expansion plans owing to the economic uncertainty. The Group will closely monitor and assess the potential impact of the US-China trade war towards the business.

With the objective to become one of the key market players in LED lighting solution market in Hong Kong, the Group will continue its growth by solidifying relationship with our existing luxury renowned brands, exploring new customers and increase our geographical exposure. Looking forward, the Group is expected to face various challenges. But the Group is confident to overcome these challenges by the experienced teams of the Group and create value to the shareholders.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

(a) Interests and short positions of Directors and chief executive in the shares (the “Shares”), underlying Shares and debentures of the Company and our associated corporations

As at the date of this announcement, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any 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 Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in the Shares of the Company

Name of Directors	Nature of interest	Number of Shares	Approximate percentage of shareholding in our Company
Mr. Yeung Wun Tang Andy	Interest in controlled corporation ⁽¹⁾ /	337,500,000	33.75%
	Interest held jointly with another person ⁽³⁾	412,500,000	41.25%
Mr. Tam Yat Ming Andrew	Interest in controlled corporation ⁽²⁾ /	412,500,000	41.25%
	Interest held jointly with another person ⁽³⁾	337,500,000	33.75%

Notes:

- (1) 337,500,000 Shares are held by Mr. Yeung Wun Tang Andy (“**Mr. Yeung**”) indirectly through Eight Dimensions Investment Limited (“**Eight Dimensions**”), which is wholly-owned by Mr. Yeung.
- (2) 412,500,000 Shares are held by Mr. Tam Yat Ming Andrew (“**Mr. Tam**”) indirectly through The Garage Investment Limited (“**Garage Investment**”), which is wholly-owned by Mr. Tam.
- (3) On 25 August 2017, Eight Dimensions, Mr. Yeung, Garage Investment and Mr. Tam entered into an acting in concert agreement, pursuant to which each of them is deemed to be interested in the entire 750,000,000 Shares held by Eight Dimensions and Garage Investment, representing 75.00% of the total issued share capital of the Company by virtue of the SFO.

Long position in the shares of associated corporations

Name of Directors	Name of associated corporation	Capacity/nature of interest	Number of ordinary shares	Approximate percentage of shareholding in the associated corporation
Mr. Yeung Wun Tang Andy	Eight Dimensions	Beneficial owner	1	100.00%
Mr. Tam Yat Ming Andrew	Garage Investment	Beneficial owner	1	100.00%

Save as disclosed above and so far as is known to the Directors, as at the date of this announcement, none of the Directors nor chief executive of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any 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 Rules 5.46 to 5.67 of the GEM Listing Rules.

(b) Interests and short positions of substantial shareholders in the Shares, Underlying Shares and debentures of the Company

As at the date of this announcement, so far as is known to the Directors, the following entities and individuals (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 were as follows:

Long position in the Shares

Substantial Shareholder	Nature of interest	Number of Shares	Percentage of shareholding of the Company
Eight Dimensions	Beneficial owner/	337,500,000	33.75%
	Interest held jointly with another person ⁽¹⁾	412,500,000	41.25%
Garage Investment	Beneficial owner/	412,500,000	41.25%
	Interest held jointly with another person ⁽¹⁾	337,500,000	33.75%

Note:

- (1) On 25 August 2017, Eight Dimensions, Mr. Yeung, Garage Investment and Mr. Tam entered into an acting in concert agreement, pursuant to which each of them is deemed to be interested in the entire 750,000,000 Shares held by Eight Dimensions and Garage Investment, representing 75.00% of the total issued share capital of the Company by virtue of the SFO.

Save as disclosed above and so far as is known to the Directors, as at the date of this announcement, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section “Disclosure of interests – (a) Interests and short positions of Directors and chief executive in the Shares (the “**Shares**”), underlying Shares and debentures of the Company and our associated corporations” above, had any interest or a short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme (the “**Share Option Scheme**”) was approved and conditionally adopted by the then shareholders of the Company by way of written resolutions on 22 December 2017.

No share options have been granted by the Company under the Share Option Scheme since its adoption.

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 5.46 to 5.67 of the GEM Listing Rules (the “**Required Standard Dealings**”). The Company had also made specific enquiry of all the Directors and each of them was in compliance with the Code of Conduct and Required Standard Dealings up to the date of this announcement.

COMPETING INTERESTS

None of the Directors or the controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has any business or interest in a business that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the nine months ended 31 December 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the nine months ended 31 December 2018.

INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Kingsway Capital Limited (“**Kingsway**”) as the compliance adviser. Kingsway has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Except for the compliance adviser agreement entered into between the Company and the compliance adviser dated 15 June 2017, none of the compliance adviser or its directors, employees or close associates (as defined under the GEM Listing Rules) had any interests in relation to the Company or in the share capital of any member of the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules as at the date of this announcement.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the shareholders.

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as stated in Appendix 15 of the GEM Listing Rules, except for the deviation from code provision A2.1 of the CG Code.

Pursuant to code provision A.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. In view of Mr. Tam Yat Ming Andrew, being the founder of the Group and his experience and his roles in the Group, the Board considers it beneficial to the business prospect and operational efficiency of the Group that Mr. Tam Yat Ming Andrew acts as the chairman of the Board (the “**Chairman**”) and continues to act as the chief executive officer of the Company (the “**CEO**”).

The Directors consider that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairman and CEO is necessary.

The Chairman is responsible for the Group’s strategic planning and the management of the operations of the Board, while the CEO takes the lead in the Group’s operations and business development. There is a clear division of responsibilities between the Chairman and CEO which provides a balance of power and authority.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any material subsequent events after the reporting period and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as at the date of this announcement.

AUDIT COMMITTEE

The financial information in this announcement has not been audited by the auditor of the Company. Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established the audit committee (the “**Audit Committee**”) with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this announcement, the Audit Committee comprises Mr. Chu Yin Kam (Chairman), Dr. Wilson Lee and Mr. Ha Yiu Wing, being the independent non-executive Directors.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Company for the nine months ended 31 December 2018 and is of the opinion that such results complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

By Order of the Board
IMS Group Holdings Limited
Tam Yat Ming Andrew
Chairman and Chief Executive Officer

Hong Kong, 30 January 2019

As at the date of this announcement, the Board comprises Mr. Tam Yat Ming Andrew (Chairman and Chief Executive Officer) and Mr. Yeung Wun Tang (Chief Operating Officer) as Executive Directors, Mr. Chu Yin Kam, Dr. Wilson Lee, and Mr. Ha Yiu Wing as Independent Non- executive Directors.