

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 Report
2017/2018

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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

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

CONTENTS

Corporate Information	2
Summary	4
Condensed Consolidated Statement of Profit or Loss And Other Comprehensive Income	5
Condensed Consolidated Statement of Changes in Equity	6
Notes to the Condensed Consolidated Financial Statements	8
Management Discussion and Analysis	14
Other Information	16

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Tam Yat Ming Andrew
(Chairman and Chief Executive Officer)
Mr. Yeung Wun Tang Andy

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Yin Kam
Mr. Ha Yiu Wing
Dr. Wilson Lee

COMPANY SECRETARY

Mr. Chau Wing Wo

COMPLIANCE OFFICER

Mr. Tam Yat Ming Andrew

AUTHORISED REPRESENTATIVES

Mr. Tam Yat Ming Andrew
Mr. Yeung Wun Tang Andy

AUDIT COMMITTEE

Mr. Chu Yin Kam *(Chairman)*
Mr. Ha Yiu Wing
Dr. Wilson Lee

REMUNERATION COMMITTEE

Dr. Wilson Lee *(Chairman)*
Mr. Ha Yiu Wing
Mr. Tam Yat Ming Andrew

NOMINATION COMMITTEE

Mr. Ha Yiu Wing *(Chairman)*
Mr. Chu Yin Kam
Dr. Wilson Lee

AUDITORS

BDO Limited
25th Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

COMPLIANCE ADVISER

Kingsway Capital Limited
7/F, Tower One, Lippo Centre
89 Queensway
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:
Troutman Sanders
34th Floor, Two Exchange Square
8 Connaught Place
Central, Hong Kong

As to PRC laws:
China Commercial Law Firm, Guangdong
22-23/F, Hong Kong China Travel Service
Building
No.4011, Shen Nan Road
Shenzhen, PRC

As to Cayman Islands law:
Conyers Dill & Pearman
Cricket Square
Hutchins Drive
P.O.Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL BANKER

Standard Chartered Bank (Hong Kong) Limited
26/F, Standard Chartered Tower
388 Kwun Tong Road
Kwun Tong, Kowloon
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1, 18/F,
148 Electric Road,
North Point
Hong Kong

CORPORATE INFORMATION

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O.Box 2681
Grand Cayman KY1-1111
Cayman Islands

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O.Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point
Hong Kong

GEM STOCK CODE

8136

COMPANY'S WEBSITE

www.ims512.com

SUMMARY

The unaudited revenue of the Group amounted to approximately HK\$47.0 million for the nine months ended 31 December 2017, which represented an increase of approximately 8.3% as compared to nine months ended 31 December 2016.

The Group recorded an unaudited net profit of approximately HK\$1.2 million for the nine months ended 31 December 2017. If the listing expenses of approximately HK\$7.5 million was excluded, we would have recorded a net profit of approximately HK\$8.7 million for the nine months ended 31 December 2017, being a decrease of approximately HK\$4.6 million or 34.6% as compared to the net profit of approximately HK\$13.3 million before listing expenses for the nine months ended 31 December 2016.

THIRD QUARTERLY RESULTS

The board of directors (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 2017, together with the comparative unaudited figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 December 2017

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	4	12,416	14,085	46,958	43,412
Direct costs		(6,383)	(5,846)	(22,753)	(17,230)
Gross profit		6,033	8,239	24,205	26,182
Other income		—	—	18	37
Other gains and losses		15	98	55	118
Administrative expenses		(4,610)	(3,142)	(13,508)	(10,267)
Finance costs		—	—	(147)	—
Listing expenses		(1,241)	(1,875)	(7,491)	(1,875)
Profit before income tax expense	5	197	3,320	3,132	14,195
Income tax expense	7	(984)	(825)	(1,940)	(2,723)
(Loss)/profit for the period and attributable to owners of the Company		(787)	2,495	1,192	11,472
Other comprehensive income attributable to owners of the Company may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		87	(20)	238	(20)
Total comprehensive income for the period and attributable to owners of the Company		(700)	2,475	1,430	11,452
(Loss)/earnings per share					
Basic and diluted	8	(HK cents 0.08)	HK cents 0.25	HK cents 0.12	HK cents 1.15

THIRD QUARTERLY RESULTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2017

	Attributable to owners of the Company					
	Share capital HK\$'000	Merger reserve ⁽²⁾ HK\$'000	Exchange reserve HK\$'000	Statutory surplus reserve ⁽³⁾ HK\$'000	Retained profits HK\$'000	Total HK\$'000
As at 1 April 2017 (audited)	— ⁽¹⁾	8	(85)	250	10,622	10,795
Profit for the period	—	—	—	—	1,192	1,192
Other comprehensive income for the period						
Exchange differences on translating foreign operations	—	—	238	—	—	238
Total comprehensive income for the period	— ⁽¹⁾	—	238	—	1,192	1,430
Issue of shares under group reorganisation ⁽⁴⁾	— ⁽¹⁾	—	—	—	—	— ⁽¹⁾
As at 31 December 2017 (unaudited)	— ⁽¹⁾	8	153	250	11,814	12,225
As at 1 April 2016 (audited)	—	8	— ⁽¹⁾	—	14,445	14,453
Profit for the period	—	—	—	—	11,472	11,472
Other comprehensive income for the period						
Exchange differences on translating foreign operations	—	—	(20)	—	—	(20)
Total comprehensive income for the period	—	—	(20)	—	11,472	11,452
As at 31 December 2016 (unaudited)	—	8	(20)	—	25,917	25,905

THIRD QUARTERLY RESULTS

Notes:

- (1) Represents an amount less than HK\$1,000.
- (2) Merger reserve represents the difference between the Company's investment costs in its subsidiaries and the aggregated share capital of its subsidiaries whose shares were transferred to the Company pursuant to the reorganisation.
- (3) In accordance with the relevant laws and regulations in the People's Republic of China (the "PRC"), a subsidiary of the Company operating in the PRC is required to transfer 10% of its profits after tax 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 laws and regulations in the PRC. The 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 the subsidiaries' paid-up capital after the above usages.
- (4) On 23 May 2017, 495 ordinary shares of the Company were issued and allotted to The Garage Investment Limited and 405 ordinary shares of the Company were issued and allotted to Eight Dimensions Investment Limited, all credited as fully paid, as consideration for the acquisition of the entire issued share capital of Pangaea Holdings Limited. Immediately upon completion of the reorganisation, Pangaea Holdings Limited became a wholly-owned subsidiary of the Company.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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 and its shares have been listed on the GEM of the Stock Exchange by way of Share Offer (the “**Share Offer**”) on 25 January 2018 (the “**Listing Date**”). The principal place of business is Room 1, 18/F, 148 Electric Road, North Point, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the sales of LED lighting fixtures and visual-audio systems, provision of integrated LED lighting solution services, project consultancy and LED lighting system maintenance services.

Pursuant to the group reorganisation (the “**Reorganisation**”) completed in connection with the listing of shares of the Company (the “**Shares**”) on GEM of Stock Exchange, the Company became the holding company of the subsidiaries on 23 May 2017. Details of the Reorganisation are set out under the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 11 January 2018 (the “**Prospectus**”).

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 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2017, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION

The Group is principally engaged in the sales of LED lighting fixtures and visual-audio systems, 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 resource 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 contract revenue 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 31 December		Nine months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue				
Sales of LED lighting fixtures	11,278	9,725	44,368	32,514
Integrated LED lighting solution services	831	994	1,951	5,619
LED lighting system consultation and maintenance services	256	345	571	934
Sales of visual-audio systems	51	3,021	68	4,345
	12,416	14,085	46,958	43,412

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Costs of inventories recognised as expenses	5,134	4,737	19,177	12,468
Auditor's remuneration	300	75	618	225
Depreciation	116	68	274	248
Operating lease rentals in respect of:				
— Land and buildings	589	396	1,466	1,189
— Plant and equipment	14	8	30	24
Provision of impairment on trade receivables, net	(60)	—	40	133
Employee benefit expenses (Note 6)	4,008	2,883	10,490	9,382
Listing expenses	1,241	1,875	7,491	1,875

6. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	Three months ended 31 December		Nine months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Wages and salaries	3,696	2,700	9,928	8,953
Post-employment benefits – payment to defined contribution retirement plan	214	162	405	374
Other benefits	98	21	157	55
	4,008	2,883	10,490	9,382

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE

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

	Three months ended 31 December		Nine months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Current tax — Hong Kong profits tax — current year	(51)	825	558	2,723
	(51)	825	558	2,723
Current tax — overseas profits tax — current year	1,035	—	1,368	—
— under-provision in respect of the prior year	—	—	14	—
	1,035	—	1,382	—
Deferred tax credit	—	—	—	—
Income tax expense	984	825	1,940	2,723
Effective tax rate	499.5%	24.8%	61.9%	19.2%

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits during the respective periods.

The PRC subsidiary is subject to PRC Enterprise Income Tax calculated at 25% during the respective periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. (LOSS)/EARNINGS PER SHARE

	Three months ended 31 December		Nine months ended 31 December	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Earnings (Loss)/profit for the period attributable to Owners of the Company for calculation of basic and diluted (loss)/ earnings per share	(787)	2,495	1,192	11,472
	'000	'000	'000	'000
Number of shares Weighted average number of shares for calculation of basic and diluted (loss)/earnings per share	1,000,000	1,000,000	1,000,000	1,000,000

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

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

Diluted (loss)/earnings per share were the same as the basic (loss)/earnings per share as the Group had no dilutive potential shares during the nine months ended 31 December 2017 and 2016.

9. DIVIDENDS

No dividend has been paid or declared by the Company for the nine months ended 31 December 2017 (nine months ended 31 December 2016: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. SUBSEQUENT EVENTS

On 22 December 2017, the authorised share capital of the Company was increased from HK\$380,000 divided into 380,000,000 Shares of HK\$0.001 to HK\$10,000,000 by creation of an additional 9,620,000,000 Shares of HK\$0.001 each.

Pursuant to the resolutions of the shareholders of the Company passed on 22 December 2017, subject to the share premium account of the Company being credited as a result of the Share Offer, the Directors are authorised to allot and issue a total of 749,999,000 shares credited as fully paid at par to the shareholders by way of capitalisation of HK\$749,999 standing to the credit of the share premium account of the Company. The capitalisation issue has been completed on 25 January 2018.

On 25 January 2018, the Company has issued a total of 250,000,000 additional ordinary Shares pursuant to the Share Offer and the Company successfully listed on the GEM of the Stock Exchange. The amount of gross proceeds from the Share Offer was HK\$62.5 million and the net proceeds after deducting the estimated listing expenses amounted to approximately HK\$34.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the provision of LED lighting fixtures and integrated LED lighting solutions to our end-users which are luxury renowned brands mainly based in Asia. During the nine months ended 31 December 2017, we have entered into the market in the PRC and generated sales in the PRC which represented approximately 41.6% of our total revenue. Simultaneously, our revenue from sales of LED lighting fixtures has increased by HK\$11.9 million or 36.6% for the nine months ended 31 December 2017, compared to the revenue of HK\$32.5 million for the nine months ended 31 December 2016.

During the period, we have been awarded 589 LED lighting projects and completed 596 LED lighting projects.

The Company has successfully listed its shares on the GEM of the Stock Exchange on 25 January 2018 by way of Share Offer.

FINANCIAL REVIEW

Revenue

Our revenue slightly increased by approximately HK\$3.6 million or 8.3%, from HK\$43.4 million for the nine months ended 31 December 2016 to HK\$47.0 million for the nine months ended 31 December 2017, primary due to the sales of LED lighting fixtures for the nine months ended 31 December 2017 in the PRC upon the commencement of business of the PRC subsidiary, Shenzhen CH Alliance Trading Co. Ltd at the end of 2016.

Direct Costs and Gross Profit

Our direct costs comprise of components, staff costs and subcontracting fee and labour costs. The direct costs increased by approximately HK\$5.6 million or 32.6%, from HK\$17.2 million for the nine months ended 31 December 2016 to HK\$22.8 million for the nine months ended 31 December 2017. The increase in direct costs was directly related to the increase in revenue generated.

Our gross profit decreased by HK\$2.0 million for the nine months ended 31 December 2016 to HK\$24.2 million for the nine months ended 31 December 2017, and the gross profit margin decreased from 60.3% for the nine months ended 31 December 2016 to 51.5% for the nine months ended 31 December 2017. Upon commencement of business in the PRC in December 2016, our gross profit margin decreased as a result of our sales made in PRC being subject to value-added tax of 17% on the sales amount.

Administrative Expenses

Our administrative expenses mainly comprise of salaries and allowance expense, accounting for 64.6% and 60.3% for the nine months ended 2016 and 2017, respectively. The administrative expenses increased by approximately HK\$3.5 million or 35.0%, from HK\$10.0 million for the nine months ended 31 December 2016 to HK\$13.5 million for the nine months ended 31 December 2017. The increase in administrative expenses was primarily due to the increase in headcount and monthly salary of our employees on average for the nine months ended 31 December 2017, and rent of an extra premise for use as an office.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit for the period

The Group recorded a profit of approximately HK\$1.2 million attributable to owners of the Company for the nine months ended 31 December 2017. Compared to the profit of approximately HK\$11.5 million for the nine months ended 31 December 2016, profit attributable to owners of the Company decreased by HK\$10.3 million, primarily due to the increase in one-off listing expenses of HK\$5.6 million, and increase in administrative expense of HK\$3.5 million.

If the listing expenses were excluded, the Group's net profit would be approximately HK\$8.7 million for the nine months ended 31 December 2017.

Dividend

The Board does not recommend a payment of an interim dividend for the nine months ended 31 December 2017 (nine months ended 31 December 2016: Nil).

OUTLOOK

The demand for LED lighting fixtures is directly driven by the number of shops of our end-user luxury brands. With growing affluence of residents in PRC, the number of renowned luxury brands increasing their exposure in the PRC has been growing, which provides us with a valuable opportunity to explore new business opportunities and to penetrate the PRC market.

Our goal is to be one of the leading LED lighting solutions providers in Hong Kong. The Shares were successfully listed on the GEM of the Stock Exchange on 25 January 2018. The net proceeds from the Share Offer enables us to have sufficient financial resources to meet and achieve the abovementioned goals. The Directors are optimistic that the Group will continue to increase its market share after the listing of the Company's shares on GEM and believe that the said opportunity will benefit the Group's business.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

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

Since the Shares were not listed on the GEM as at 31 December 2017. Divisions 7 and 8 of Part XV of the SFO and section 352 of the SFO were not applicable to the Company, the Directors and chief executive of the Company as at 31 December 2017. As at the date of this report, the interests and short positions of the Directors and chief executive 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 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

<u>Name of Directors</u>	<u>Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding in our Company</u>
Mr. Yeung Wun Tang Andy ⁽¹⁾⁽³⁾	Interest in a controlled corporation; interest held jointly with another person	750,000,000	75.00%
Mr. Tam Yat Ming Andrew ⁽²⁾⁽³⁾	Interest in a controlled corporation; interest held jointly with another person	750,000,000	75.00%

Notes:

- (1) The disclosed interest represents the interest in the Company held by Eight Dimensions Investment Limited, which is wholly-owned by Mr. Yeung Wun Tang Andy. By virtue of the SFO, Mr. Yeung Wun Tang Andy is deemed to be interested in the 337,500,000 Shares in which Eight Dimensions Investment Limited is interested.
- (2) The disclosed interest represents the interest in the Company held by The Garage Investment Limited, which is wholly-owned by Mr. Tam Yat Ming Andrew. By virtue of the SFO, Mr. Tam Yat Ming Andrew is deemed to be interested in the 412,500,000 Shares in which The Garage Investment Limited is interested.

OTHER INFORMATION

- (3) Pursuant to an acting in concert agreement which The Garage Investment Limited, Eight Dimensions Investment Limited, Mr. Tam Yat Ming Andrew and Mr. Yeung Wun Tang Andy entered into on 25 August 2017, each of them is deemed to be interested in the entire shareholding interests of both Eight Dimensions Investment Limited and The Garage Investment Limited in the Company under the SFO.

Save as disclosed above and so far as is known to the Directors, as at the date of this report, 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**

Since the Shares were not listed on the GEM as at 31 December 2017. Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the Company, the Directors and the substantial shareholders as at 31 December 2017. As at the date of this report, 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

Name	Nature of interest	Number of Shares	Percentage of shareholding
Eight Dimensions Investment Limited ⁽¹⁾⁽⁵⁾	Beneficial owner	750,000,000	75.00%
Ms. Hung Ying ⁽²⁾	Interest of spouse	750,000,000	75.00%
The Garage Investment Limited ⁽³⁾⁽⁵⁾	Beneficial owner	750,000,000	75.00%
Ms. Ng Wing Sze ⁽⁴⁾	Interest of spouse	750,000,000	75.00%

OTHER INFORMATION

Notes:

- (1) The disclosed interest represents the interest in the Company held by Eight Dimensions Investment Limited, which is wholly-owned by Mr. Yeung Wun Tang Andy. By virtue of the SFO, Mr. Yeung Wun Tang Andy is deemed to be interested in the 337,500,000 Shares in which Eight Dimensions Investment Limited is interested.
- (2) Ms. Hung Ying is the spouse of Mr. Yeung Wun Tang Andy. By virtue of the SFO, Ms. Hung Ying is deemed to be interested in the Shares in which Mr. Yeung Wun Tang Andy is interested.
- (3) The disclosed interest represents the interest in the Company held by The Garage Investment Limited, which is wholly-owned by Mr. Tam Yat Ming Andrew. By virtue of the SFO, Mr. Tam Yat Ming Andrew is deemed to be interested in the 412,500,000 Shares in which The Garage Investment Limited is interested.
- (4) Ms. Ng Wing Sze is the spouse of Mr. Tam Yat Ming Andrew. By virtue of the SFO, Ms. Ng Wing Sze is deemed to be interested in the Shares in which Mr. Tam Yat Ming Andrew is interested.
- (5) Pursuant to an acting in concert agreement which The Garage Investment Limited, Eight Dimensions Investment Limited, Mr. Tam Yat Ming Andrew and Mr. Yeung Wun Tang Andy entered into on 25 August 2017, each of them is deemed to be interested in the entire shareholding interests of both Eight Dimensions Investment Limited and The Garage Investment Limited in the Company under the SFO.

Save as disclosed above and so far as is known to the Directors, as at the date of this report, 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 “Other information – Disclosure of interests – Interests and short positions of Directors and chief executive in 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. For the principal terms of the Share Option Scheme, please refer to “D. Share Option Scheme” in Appendix IV to the Prospectus.

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

OTHER INFORMATION

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 2017.

INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Kingsway Capital Limited (the “**Compliance Adviser**”) as the compliance adviser. The Compliance Adviser, 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 report.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Company endeavors to adopt prevailing best corporate governance practices. Since the Listing Date, the Company had complied with all the code provisions set out in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 15 of the GEM Listing Rules and there has been no deviation in relation thereto except otherwise stated below:

Pursuant to paragraph A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Under the current corporate structure, Mr. Tam Yat Ming Andrew is the Chairman and Chief Executive Officer. The Board is of the view that such structure will not impair the balance of power and authority between the Board and the management of the Company. Further, by taking into consideration that Mr. Tam Yat Ming Andrew is the founder of the Group and has been managing the business of the Group since then, the Board believes that it is in the best interest of our Group to have Mr. Tam Yat Ming Andrew take up both roles for effective management and business development. Therefore, the Board considers the deviation from paragraph A.2.1 of the CG Code to be appropriate in such circumstance.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the required standard of dealings, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Required Standard Dealings**”) as the code of conduct for securities transactions by the Directors in respect of the Shares of the Company. The Company had also made specific enquiry of all the Directors and each of them was in compliance with the Required Standard Dealings since the listing of the Shares on the GEM on the Listing Date up to the date of this report.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the listing of the Shares on the GEM on the Listing Date up to the date of this report.

AUDIT COMMITTEE

The financial information in this report 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 report, 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 2017 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

Hong Kong, 5 February 2018

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