



IMS
GROUP

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

First Quarterly Report

2018/2019

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.

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This report, 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 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.

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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

AUDITOR

BDO Limited
 25th Floor
 Wing On Centre
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 Hong Kong

COMPLIANCE ADVISER

Kingsway Capital Limited
 7/F, Tower One, Lippo Centre
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LEGAL ADVISERS

As to Hong Kong law:
 LC Lawyers
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 1 Tim Mei Avenue
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PRINCIPAL BANKERS

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 13/F, Cambridge House,
 Taikoo Place,
 981 King's Road,
 Island East, Hong Kong

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

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 Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

STOCK CODE

8136

COMPANY'S WEBSITE

www.ims512.com

FINANCIAL HIGHLIGHTS

1. The Group has recorded an unaudited total revenue of approximately HK\$15.0 million for the three months ended 30 June 2018, which represented an increase of approximately 48.5% as compared to the three months ended 30 June 2017.
2. The Group recorded an unaudited profit attributable to owners of the Company for the three months ended 30 June 2018 of approximately HK\$325,000, which represented an increase of approximately 126.8% as compared to the three months ended 30 June 2017.
3. The Board does not recommend the payment of interim dividend for the three months ended 30 June 2018.

FIRST QUARTERLY RESULTS

The board of directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidation results of the Group for the three months ended 30 June 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 ENDED 30 JUNE 2018

	Notes	For the three months ended	
		2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Revenue	4	15,017	10,128
Direct costs		(7,673)	(6,109)
Gross profit		7,344	4,019
Other income		10	2
Other gains and losses, net		(22)	169
Administrative expenses		(5,753)	(3,743)
Finance costs		—	(22)
Listing expenses		—	(1,618)
Profit/(loss) before income tax expense	5	1,579	(1,193)
Income tax expense	7	(1,254)	(18)
Profit/(loss) for the year and attributable to owners of the Company		325	(1,211)
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(766)	(31)
Other comprehensive income for the year and attributable to owners of the Company, net of tax		(766)	(31)
Total comprehensive income for the year and attributable to owners of the Company		(441)	(1,242)
Earnings/(loss) per share		HK cents	HK cents
Basic and diluted	8	0.03	(0.16)

FIRST QUARTERLY RESULTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTHS ENDED 30 JUNE 2018

	Attributable to owners of the Company						
	Share capital HK\$'000	Share premium ⁽²⁾ HK\$'000	Merger reserve ⁽³⁾ HK\$'000	Exchange reserve ⁽⁴⁾ HK\$'000	Statutory surplus reserve ⁽⁵⁾ HK\$'000	Retained Profits ⁽⁶⁾ HK\$'000	Total HK\$'000
As at 1 April 2018 (audited)	1,000	50,946	8	718	1,324	6,023	60,019
Profit for the year	—	—	—	—	—	325	325
Transfer to Statutory surplus reserve	—	—	—	—	375	(375)	—
Exchange differences on translating foreign operations	—	—	—	(766)	—	—	(766)
Total comprehensive income for the year	—	—	—	(766)	375	(50)	(441)
As at 30 June 2018 (unaudited)	1,000	50,946	8	(48)	1,699	5,973	59,578
As at 1 April 2017 (audited)	— ⁽¹⁾	—	8	(85)	250	10,622	10,795
Loss for the year	—	—	—	—	—	(1,211)	(1,211)
Exchange differences on translating foreign operations	—	—	—	(31)	—	—	(31)
Total comprehensive income for the year	—	—	—	(31)	—	(1,211)	(1,242)
Issue of shares under group reorganisation	— ⁽¹⁾	—	—	—	—	—	— ⁽¹⁾
As at 30 June 2017 (unaudited)	— ⁽¹⁾	—	8	(116)	250	9,411	9,553



FIRST QUARTERLY RESULTS

Notes:

- (1) Represents 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 People's Republic of China (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 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 three months ended 30 June 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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:

	For the three months ended	
	30 June	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Sales of LED lighting fixtures	14,329	9,980
Integrated LED lighting solution services	—	—
LED lighting system consultation and maintenance services	659	148
Sale of visual-audio systems	29	—
	15,017	10,128

5. PROFIT/(LOSS) BEFORE INCOME TAX EXPENSE

The Group's profit/(loss) before income tax expense is arrived at after charging:

	For the three months ended	
	30 June	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Costs of inventories recognised as expenses	6,538	5,126
Auditor's remuneration	154	—
Depreciation	123	78
Amortisation	6	—
Operating lease rentals in respect of:		
— Land and buildings	581	401
— Plant and equipment	14	10
Employee benefit expenses (Note 6)	4,644	3,107
Listing expenses	—	1,618

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	For the three months ended	
	30 June	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Fees, wages and salaries	4,436	2,958
Post-employment benefits — payment to defined contribution retirement plan	149	122
Other benefits	59	27
	4,644	3,107

7. INCOME TAX EXPENSE

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

	For the three months ended	
	30 June	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Current tax — overseas profits tax — current year	1,254	18
	1,254	18
Income tax expense	1,254	18

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

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the three months ended 30 June 2018 (three months ended 30 June 2017: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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:

	For the three months ended 30 June	
	2018 (unaudited) HK\$'000	2017 (unaudited) HK\$'000
Earnings/(loss)		
Earnings/(loss) for the purpose of basic earnings/(loss) per share	<u>325</u>	<u>(1,211)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share (Note)	<u>1,000,000,000</u>	<u>750,000,000</u>

Note:

Weighted average of 750,000,000 ordinary shares for the period ended 30 June 2017, being the number of shares in issue immediately after the completion of capitalisation issue of shares, are deemed to have been issued throughout the period ended 30 June 2017, immediately before the completion of the public offer and placing of shares during the year ended 31 March 2018.

Weighted average of 1,000,000,000 ordinary shares for the period ended 30 June 2018, being the number of shares after completion of the public offer and placing of shares at the Listing Date.

Diluted earnings/(loss) per share is same as basic earnings/(loss) per share as there was no potential dilutive ordinary shares for the three months ended 30 June 2018 and 2017.

9. DIVIDENDS

The Board does not recommend the payment of interim dividend for the three months ended 30 June 2018 (three months ended 30 June 2017: 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.

The Group did not record any revenue from provision of integrated LED lighting solution services for the three months ended 30 June 2018. For the sales of LED lighting fixtures, the revenue has increased from HK\$10.0 million for the three months ended 30 June 2017 to HK\$14.3 million for the three months ended 30 June 2018, part of it was caused by the delay in handover of certain projects from last financial year and has been recognised during the three months ended 30 June 2018. In addition, starting from 1 May 2018, the Value Added Tax (“VAT”) rate of the PRC has decreased from 17% to 16%. Coupled with this favorable tax treatment, sales of LED lighting fixtures in the PRC has increased by HK\$5.8 million for the three months ended 30 June 2018. For the LED lighting system consultation and maintenance service, the revenue has increased from HK\$148,000 to HK\$659,000, which is directly related to increase in projects completed during the three months ended 30 June 2018.

For the three months ended 30 June 2018, the Group recorded a net profit of HK\$325,000, as compared to a net loss of HK\$1.2 million for the three months ended 30 June 2017, as the Group did not incur any non-recurring listing expense for the three months ended 30 June 2018.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK\$4.9 million or 48.5%, from HK\$10.1 million for the three months ended 30 June 2017 to HK\$15.0 million for the three months ended 30 June 2018, as sales of LED lighting fixtures in the PRC has increased by HK\$5.8 million owing to the decrease in VAT rate in the PRC starting from 1 May 2018, which directly boosted our sales in the PRC.

Direct Cost and Gross Profit

Our direct costs comprise of components, staff costs, subcontracting fee and labour costs. The direct costs increased by approximately HK\$1.6 million or 26.2%, from HK\$6.1 million for the three months ended 30 June 2017 to HK\$7.7 million for the three months ended 30 June 2018, which is in line with the increase in revenue for the three months ended 30 June 2018.

With the increase in revenue, our gross profit increased by HK\$3.3 million to HK\$7.3 million for the three months ended 30 June 2018, and the gross profit margin increased from 39.7% for the three months ended 30 June 2017 to 48.7% for the three months ended 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

Our administrative expenses mainly comprise of salaries and allowance expense, accounting for 65.1% and 62.2% for the three months ended 30 June 2018 and 2017, respectively. Administrative expenses increased by approximately HK\$2.1 million or 56.8%, from HK\$3.7 million for the three months ended 30 June 2017 to HK\$5.8 million for the three months ended 30 June 2018. With increase in headcount and increase in monthly average salary and discretionary bonus paid during the three months ended 30 June 2018, employee benefit expense has increased by HK\$1.4 million for the three months ended 30 June 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 increased by HK\$0.5 million for the 3 months ended 30 June 2018. Moreover, we have rented an extra premise for office purpose in July 2017, which led to an increase in rental expense by HK\$0.2 million for the three months ended 30 June 2018.

Income Tax Expense

Income tax expense has increased significantly from HK\$18,000 to HK\$1.3 million for the three months ended 30 June 2018, as our PRC subsidiary, Shenzhen CH Alliance Trading Co., Ltd, has showed a significant increase in revenue during the period.

Profit for the period

Despite the gross profit for the Group has increased by HK\$3.3 million, this has been offset by the increase in administrative expense and income tax expense. The Group recorded a profit of approximately HK\$325,000 attributable to owners of the Company for the three months ended 30 June 2018, which is similar to the profit of approximately HK\$407,000 for the three months ended 30 June 2017, before deducting the non-recurring listing expense.

Dividend

The Board does not recommend the payment of interim dividend for the three months ended 30 June 2018 (three months ended 30 June 2017: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK

Although the economic performance of the PRC keeps growing, the US-China trade war turns fierce, which adds uncertainties to our business. On 6 July 2018, the US government imposed 25% tariffs on US\$34 billion worth of Chinese imports, and 25% tariffs on an addition basket of US\$200 billion worth of Chinese imports may be imposed in late August 2018. Aluminium and steel, the major materials we used in our production, are on the list of US\$200 billion worth of Chinese imports. If the US takes further action, the cost of LED lighting fixtures will inevitably increase. Moreover, our major component, LED chips, are sourced from the United States, which would be potentially affected by steps taken by the United States, for instance, embargo. In response to the potential threat from the US-China trade war, we have started to locate alternative source for LED chips from Japan and Korea as substitute to our US LED chips. On the contrary, entry barrier may be imposed by the PRC to block our potential competitors from the United States to enter the PRC market. We could take this opportunity to increase our market share in the PRC. In addition, RMB starts to depreciate against USD. As HKD is pledged with USD, the depreciation of RMB may offset the potential increase in cost of sales. Together with the decrease in PRC's VAT rate to 16% starting from 1 May 2018, management remains optimistic towards the future of the Group. Our management team will closely monitor and assess the potential impact of the US-China trade war on our business.

Despite the various challenges identified above, the Group is confident that we can overcome the challenges with our experienced teams and also creates new opportunities to develop our businesses.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

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

As at the date of this report, 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 as at the Latest Practicable Date by virtue of the SFO.

OTHER INFORMATION

Long position in the Shares of associated corporations

<u>Name of Directors</u>	<u>Name of associated corporation</u>	<u>Capacity/nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding in our Company</u>
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 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

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

<u>Name</u>	<u>Nature of interest</u>	<u>Number of Shares</u>	<u>Percentage of shareholding</u>
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%

OTHER INFORMATION

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 as at the Latest Practicable Date by virtue of 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 "Disclosure of interests – (a) Interests and short positions of Directors and chief executive in the Shares (the "**Share**"), 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 report.

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 three months ended 30 June 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 three months ended 30 June 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 report.

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 Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited, 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 CEO.

OTHER INFORMATION

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 of the Company 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 report.

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 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 three months ended 30 June 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, 10 August 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 (Chief Operating Officer) as Executive Directors, Mr. Chu Yin Kam, Dr. Wilson Lee, and Mr. Ha Yiu Wing as Independent Non-executive Directors.