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

Interim Report
2018/2019

CONTENTS

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

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SUMMARY

1. The Group has recorded an unaudited total revenue of approximately HK$38.9 million for the six months ended 30 September 2018, which represented an increase of approximately 13.1% as compared to the six months ended 30 September 2017.

2. The Group recorded an unaudited profit attributable to owners of the Company for the six months ended 30 September 2018 of approximately HK$5.1 million, which represented an increase of approximately 168.4% as compared to the six months ended 30 September 2017.

3. The Board does not recommend the payment of interim dividend for the six months ended 30 September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

For the six months ended 30 September 2018, the Group recorded revenue of approximately HK$38.9 million and profit attributable to owners of the Company of approximately HK$5.1 million, as compared to revenue of approximately HK$34.4 million and profit attributable to owners of the Company of approximately HK$1.9 million for the six months ended 30 September 2017. The Group considers the improvement in profit is attributed by the absence of non-recurring listing expense for the six months ended 30 September 2018 (for the six months ended 30 September 2017: HK$6.2 million).

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

	For the six months ended 30 September			
	2018		2017	
	HK$'million	**%**	HK$'million	%
Revenue sources				
Sales of LED lighting fixtures	**36.9**	**94.8**	33.0	95.9
Integrated LED lighting solution services	**—**	**—**	1.1	3.2
LED lighting system consultation and maintenance services	**1.9**	**4.9**	0.3	0.9
Sales of visual—audio systems	**0.1**	**0.3**	—	—
	38.9	**100.0**	34.4	100.0

Sales of LED lighting fixtures

For the sales of LED lighting fixtures, it has increased from HK$33.0 million for the six months ended 30 September 2017 to HK$36.9 million for the six months ended 30 September 2018, represents an increase of 11.8% or HK$3.9 million, which is directly contributed by the increase in number of projects in the PRC for the six months ended 30 September 2018.

Integrated LED lighting solution services

The Group did not record any revenue from provision of integrated LED lighting solution services for the six months ended 30 September 2018, while we have recorded revenue of HK$1.1 million for the six months ended 30 September 2017 in this segment.

MANAGEMENT DISCUSSION AND ANALYSIS

LED lighting system consultation and maintenance service

Our revenue generated from LED lighting system consultation and maintenance service increased significantly from HK$0.3 million for the six months ended 30 September 2017 to HK$1.9 million for the six months ended 30 September 2018, represents an increase of HK$1.6 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 six months ended 30 September 2018, we have completed a system consultancy project of 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 six months ended 30 September 2018, representing 0.3% of our Group's revenue.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK$4.5 million or 13.1%, from HK$34.4 million for the six months ended 30 September 2017 to HK$38.9 million for the six months ended 30 September 2018, as sales of LED lighting fixtures has been increased by HK$3.9 million for the six months ended 30 September 2018.

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$2.2 million or 13.4%, from HK$16.4 million for the six months ended 30 September 2017 to HK$18.6 million for the six months ended 30 September 2018, which is in line with the increase in revenue for the six months ended 30 September 2018.

Our gross profit increased by HK$2.3 million from HK$18.0 million for the six months ended 30 September 2017 to HK$20.3 million for the six months ended 30 September 2018, and the gross profit margin remained stable at 52.3% and 52.4% for the six months ended 30 September 2018 and 2017 respectively.

Administrative Expenses

Our administrative expenses mainly comprise of salaries and allowance expense, accounting for 63.3% and 58.4% for the six months ended 30 September 2018 and 2017, respectively. The administrative expenses increased by approximately HK$3.5 million or 39.8%, from HK$8.8 million for the six months ended 30 September 2017 to HK$12.3 million for the six months ended 30 September 2018. With increase in headcount and increase in monthly average salary, and discretionary bonus paid for the six months ended 30 September 2018, employee benefit expense has been increased by HK$2.2 million for the six months ended 30 September 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$1.0 million for the six months ended 30 September 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expense

Income tax expense has been increased significantly from HK$1.0 million for the six months ended 30 September 2017 to HK$2.9 million for the six months ended 30 September 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%.

Profit for the period

The Group recorded a profit of approximately HK$5.1 million attributable to owners of the Company for the six months ended 30 September 2018, which represents an increase of 168.4% or HK$3.2 million compared to the six months ended 30 September 2017. The increase in profit is caused by the absence of non-recurring listing expense for the six months ended 30 September 2018 (for the six months ended 30 September 2017: HK$6.2 million).

Dividend

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

LIQUIDITY AND FINANCIAL RESOURCES

The group financed our operations primarily through cash generated from our operating activities. As at 30 September 2018 and 31 March 2018, we did not have any bank borrowings.

Liquidity ratios

	30 September 2018	31 March 2018
Current ratio	**5.7**	4.8
Quick ratio	**5.7**	4.7

Current ratio: The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective year.

Quick ratio: The quick ratio is calculated by dividing current assets minus inventories with current liabilities as at the end of the respective year.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash and bank balances

As at 30 September 2018, the currency denomination of the Group's cash and bank balances are as follow:

Currency denomination	**30 September 2018 HK$ million**	31 March 2018 HK$ million
Denominated in:		
Hong Kong Dollar ("**HKD**")	**41.1**	44.1
Renminbi ("**RMB**")	**12.6**	11.1
	53.7	55.2

Net current assets

As at 30 September 2018, the Group had net current assets of HK$63.3 million (31 March 2018: HK$58.9 million).

Total equity

The equity of the Group mainly comprises share capital, share premium and reserves. As at 30 September 2018, the Group's total equity attributable to owners of the Company amounted to HK$63.7 million (31 March 2018: HK$60.0 million).

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group since 31 March 2018 and up to the date of this report.

TREASURY POLICY

The Group has adopted a conservative approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

FOREIGN EXCHANGE EXPOSURE

Majority of the Group's business operations were conducted in Hong Kong and the PRC. The sales of the Group are denominated in HKD and RMB, which were the functional currencies. The purchases of the Group are denominated in RMB, HKD and US dollars ("**USD**"). During the period, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

As at 30 September 2018, the Group did not pledge any assets (31 March 2018: nil).

CONTINGENT LIABILITIES

As at 30 September 2018, the Group did not have any contingent liabilities (31 March 2018: nil).

CAPITAL EXPENDITURE

During the period ended 30 September 2018, the Group acquired items of property, plant and equipment and intangible asset of approximately HK$0.2 million (For the year ended 31 March 2018: HK$0.6 million).

CAPITAL COMMITMENT

As at 30 September 2018, the Group had capital commitment of HK$220,000 (31 March 2018: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2018, including our executive directors, the Group had a total of 37 (as at 31 March 2018: 37) employees, of which 34 employees were in Hong Kong and 3 employees were in the PRC. The Group's total staff costs (including directors' emoluments) amounted to approximately HK$9,320,000 for the six months ended 30 September 2018 (six months ended 30 September 2017: HK$6,694,000).

Human resources are vital to our business. Compliance with external competitiveness and internal equity principle, the Group regularly reviews its remuneration plan in accordance with the employees' experience, responsibilities and performance, etc. to ensure that remuneration is in line with market competitiveness. The Group is committed to providing fair market remuneration in form and value to attract, retain and motivate high quality employees. The Group operates the following retirement schemes for its employees:

(1) a defined scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for those employees in Hong Kong who are eligible to participate; and

(2) a "five social insurance and one housing fund" retirement pension scheme in accordance with the Retirement Policy of the Chinese Government for PRC employees.

Furthermore, the Company has conditionally adopted a share option scheme (the "**Share Option Scheme**") on 22 December 2017 so as to motivate, attract and retain right employees.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM IPO AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Up to 30 September 2018, we utilized the net proceeds raised from the IPO in accordance with the designated uses set out in the prospectus issued by the Company on 11 January 2018 (the"**Prospectus**") as follows:

Description	Amount designated in the Prospectus HK$'M	Planned use of proceeds from Listing Date to 30.9.2018 HK$'M	Amount utilised up to 30.9.2018 HK$'M	% utilised
Setting up a factory				
— Rental of factory and staff quarters	2.0	1.1	—	0.0%
— Operating expense including staff costs	3.9	1.5	—	0.0%
— Purchasing computer numeric control machines, three dimensional printer and testing equipment	3.7	3.7	—	0.0%
— Capital expenditure including renovation and purchasing furniture and equipment	1.0	1.0	—	0.0%
Subtotal	10.6	7.3	—	0.0%
Recruiting high caliber staff	4.3	1.1	0.1	2.3%
Pursuing suitable acquisitions	13.0	0.1	—	0.0%
Enhancing our enterprise resource planning ("**ERP**") system	3.7	2.6	0.3	8.1%
Expanding and upgrading the infrastructure of our workshop and office	1.9	0.6	0.1	5.3%
Working capital and general corporate	1.2	1.2	1.2	100.0%
Grand total	34.7	12.9	1.7	4.9%

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the designated and actual implementation plan up to 30 September 2018:

Purpose	Implementation activities as stated in the Prospectus	Actual implementation activities
Setting up a factory	— Renovating the factory — Purchasing machinery and equipment, including CNC machines, a 3D printer and testing equipment to meet our production requirements and quality standards — Recruiting new staff with relevant Experience starting late-May 2018 to take up the positions of factory manager, machinery operators and technical and other administrative staff — Preparing for and commencing Operations of the factory in June 2018	— Postponed owing to the US-China trade war, as the Company considered it is not the right time to set up factory under uncertainties
Recruiting high calibre staff	— Continuously reviewing the performance of our staff in relation to our business performance — Monitoring the research and development deliverables of staff	— Continuously reviewing the performance of our staff in relation to our business performance — Recruited a lighting designer to strengthen our products

MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Implementation activities as stated in the Prospectus	Actual implementation activities
		— Seeking suitable candidates for the position of sales coordinator by advertisement
	— Searching for suitable candidates to join our sales team in preparation of entry into the fast-fashion market in Hong Kong	— Searching for suitable candidates to join our sales team in preparation of entry into the fast-fashion market in Hong Kong
Pursuing suitable acquisitions	— Identifying potential acquisition target(s)	— Identifying potential acquisition target(s)
Enhancing our ERP systems	— Continue testing and modifying the ERP system in both Hong Kong and the PRC	— Entered into an agreement with a service provider for setting up of ERP system
Expanding and upgrading our workshop and office	— Managing the operational efficiency of our workshop and office — Monitoring the information technology infrastructure to facilitate efficient and streamlined operations and management of our business	— Managing the operational efficiency of our workshop and office — Monitoring the information technology infrastructure to facilitate efficient and streamlined operations and management of our business

MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER REPORTING PERIOD

The Group does not have any significant events after the reporting period and up to the date of this report.

OUTLOOK

The global economy continued to recover. As for the economic performance of the PRC, according to the figures from the National Bureau of Statistics of the PRC, the GDP growth rate was 6.8% in 1H 2018, which indicated that the economic performance of the PRC keeps improving.

Yet, the US-China trade war turns fierce, together with the expected increase in interest rates by the Federal Reserve, which caused uncertainties to future economic performance of the PRC and Hong Kong. The Group foresees that the cost of LED lighting fixtures would be inevitably increased in coming future owing to the above factors. Moreover, LED chips, the major component used in the products of the Group, 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, the Group is currently reviewing the cost structure of its products. Meanwhile, the Group has started to locate LED chips sourced from Japan and Korea as substitute to the US LED chips. On the contrary, RMB starts to depreciate against USD. As HKD is pledged with USD, the depreciation of RMB would offset the potential increase in cost of sales. Coupled with the decrease in VAT rate in the PRC to 16% starting from 1 May 2018, and the wish of implementation of several favourable government policies in supporting the economy, the Group is cautiously optimistic to its future. The Group will closely monitor and assess the potential impact of the US-China trade war towards the business.

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.

INTERIM RESULTS

The board of directors (the "**Board**") of the Company is pleased to announce the unaudited condensed consolidation results of the Group for the six months ended 30 September 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 SIX MONTHS ENDED 30 SEPTEMBER 2018

		Three months ended 30 September		Six months ended 30 September	
	Notes	**2018 (unaudited) HK$'000**	2017 (unaudited) HK$'000	**2018 (unaudited) HK$'000**	2017 (unaudited) HK$'000
Revenue	*6*	**23,865**	24,252	**38,882**	34,380
Direct costs		**(10,888)**	(10,269)	**(18,561)**	(16,378)
Gross profit		**12,977**	13,983	**20,321**	18,002
Other income		**7**	28	**17**	30
Other gains and losses, net		**(16)**	(130)	**(38)**	39
Administrative expenses		**(6,578)**	(5,051)	**(12,331)**	(8,794)
Finance costs		**—**	(125)	**—**	(147)
Listing expenses		**—**	(4,627)	**—**	(6,245)
Profit before income tax expense	*7*	**6,390**	4,078	**7,969**	2,885
Income tax expense	*9*	**(1,610)**	(938)	**(2,864)**	(956)
Profit for the year and attributable to owners of the Company		**4,780**	3,140	**5,105**	1,929
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		**(673)**	184	**(1,439)**	153
Other comprehensive income for the year and attributable to owners of the Company, net of tax		**(673)**	184	**(1,439)**	153
Total comprehensive income for the year and attributable to owners of the Company		**4,107**	3,324	**3,666**	2,082
Earnings per share		**HK cents**	HK cents	**HK cents**	HK cents
Basic and diluted	*10*	**0.48**	0.42	**0.51**	0.26

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2018

	Notes	30 September 2018 HK$'000 (unaudited)	31 March 2018 HK$'000 (audited)
Non-current assets			
Property, plant and equipment	12	**576**	752
Intangible asset		**121**	—
Deposit paid under operating leases		**—**	640
		697	1,392
Current assets			
Inventories		**867**	552
Trade and other receivables	13	**18,994**	15,736
Tax recoverable		**3,113**	3,113
Cash and cash equivalents		**53,659**	55,238
		76,633	74,639
Total assets		**77,330**	76,031
Current liabilities			
Trade and other payables	14	**11,286**	13,441
Deferred income		**96**	231
Current tax liabilities		**1,994**	2,032
		13,376	15,704
Net current assets		**63,257**	58,935
Total assets less current liabilities		**63,954**	60,327
Non-current liabilities			
Deferred income		**172**	144
Other payables		**97**	164
		269	308
Total liabilities		**13,645**	16,012
NET ASSETS		**63,685**	60,019
Equity			
Share capital	15	**1,000**	1,000
Reserves		**62,685**	59,019
TOTAL EQUITY		**63,685**	60,019

On behalf of the board of directors

Mr. Tam Yat Ming, Andrew
Director

Mr. Yeung Wun Tang, Andy
Director

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 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 31 March 2018 (audited)	**1,000**	**50,946**	**8**	**718**	**1,324**	**6,023**	**60,019**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**5,105**	**5,105**
Transfer to Statutory surplus reserve	**–**	**–**	**–**	**–**	**859**	**(859)**	**–**
Exchange differences on translating foreign operations	**–**	**–**	**–**	**(1,439)**	**–**	**–**	**(1,439)**
Total comprehensive income for the period	**–**	**–**	**–**	**(1,439)**	**859**	**4,246**	**3,666**
As at 30 September 2018 (unaudited)	**1,000**	**50,946**	**8**	**(721)**	**2,183**	**10,269**	**63,685**
As at 31 March 2017 (audited)	–[1]	–	8	(85)	250	10,622	10,795
Profit for the period	–	–	–	–	–	1,929	1,929
Exchange differences on translating foreign operations	–	–	–	153	–	–	153
Total comprehensive income for the period	–	–	–	153	–	1,929	2,082
Issue of shares under group reorganisation	–[1]	–	–	–	–	–	–[1]
As at 30 September 2017 (unaudited)	–[1]	–	8	68	250	12,551	12,877

INTERIM RESULTS

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHD ENDED 30 SEPTEMBER 2018

	Notes	Six months ended 30 September 2018 HK$'000 (unaudited)	2017 HK$'000 (unaudited)
Net cash generated from/(used in) operating activities		**403**	(8,940)
Cash flows from investing activities			
Purchases of property, plant and equipment	12	**(62)**	(157)
Purchases of intangible asset		**(134)**	—
Deposit paid for property, plant and equipment		**(333)**	—
Interest received		**16**	3
Net cash used in investing activities		**(513)**	(154)
Cash flows from financing activities			
Proceeds from bank borrowings		**—**	1,920
Repayment of bank borrowings		**—**	(1,920)
Interest paid		**—**	(147)
Dividend paid		**—**	(10,000)
Net cash used in financing activities		**—**	(10,147)
Net decrease in cash and cash equivalents		**(110)**	(19,241)
Effect of exchange rate changes on cash and cash equivalents		**(1,469)**	153
Cash and cash equivalents at beginning of period		**55,238**	31,755
Cash and cash equivalents at end of period		**53,659**	12,667

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

These condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**"), issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These condensed consolidated interim financial statements have been prepared with the same accounting policies adopted in the annual financial statements for the year ended 31 March 2018, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2018. This is the first set of the Group's financial statements in which HKFRS 9 and HKFRS 15 have been adopted. Details of any changes in accounting policies are set out in note 3.

The preparation of these condensed consolidated interim financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated interim financial statements are presented in Hong Kong Dollars ("**HK$**"), unless otherwise stated. These condensed consolidated interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the group since the 2017/2018 annual financial statements. These condensed consolidated interim financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "**HKFRSs**") and should be read in conjunction with the 2017/2018 annual financial statements.

3. CHANGES IN HKFRS

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 9, Financial Instruments
- HKFRS 15, Revenue from Contracts with Customers
- HK(IFRIC)-Interpretation 22, Foreign Currency Transactions and Advance Considerations
- Amendments to HKFRS 2, Classification and Measurement of Share-based Payment Transactions
- Amendments to HKFRS 4, Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
- Amendments to HKAS 28 included in Annual Improvements to HKFRSs 2014-2016 Cycle, Investments in Associates and Joint Ventures
- Amendments to HKAS 40, Transfers of Investment Property
- Amendments to HKFRS 1 included in Annual Improvements to HKFRSs 2014-2016 Cycle, First-time Adoption of Hong Kong Financial Reporting Standards

The impact of the adoption of HKFRS 9 Financial Instruments (see note 3A below) and HKFRS 15 Revenue from Contracts with Customers (see note 3B below) have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact on the group's accounting policies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. HKFRS 9 Financial Instruments ("HKFRS 9")

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the condensed consolidated interim financial statements.

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVTPL**"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("**amortised costs**"); (ii) financial assets at fair value through other comprehensive income ("**FVOCI**"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "**solely payments of principal and interest**" criterion, also known as "**SPPI criterion**"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A financial asset is measured at amortised cost if it meets both of the following conditions are met and it has not been designated as at FVTPL:

— It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

— The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

— It is held within a business model whose objective is to achieved by both collecting contractual cash flows and selling financial assets; and

— The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

Amortised costs	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

Financial assets	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 1 April 2018 under HKAS 39 HK$'000	Carrying amount as at 1 April 2018 under HKFRS 9 HK$'000
Trade and other receivables	Loans and receivables (note *3A(ii)*)	Amortised cost	15,736	15,736
Cash and cash equivalents	Loans and receivables (note *3A(ii)*)	Amortised cost	55,238	55,238

The adoption of HKFRS 9 did not have a significant impact on the classification and measurement of the Group's financial assets. Trade receivables, deposits and other receivables as well as amounts due from associates are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under HKFRS 9. Therefore, reclassification for these instruments is not required. These financial assets continue to be measured at amortised cost and are subsequently measured using effective interest rate method.

There is no impact on Group's accounting for financial liabilities, as the new requirement under HKFRS 9 only affect the accounting for financial liabilities that are designated at FVTPL of which the Group does not have any.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("**ECLs**") model". HKFRS 9 requires the Group to recognised ECL for trade receivables, financial assets at amortised costs, contract assets and debt investment at FVOCI earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12 months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade and other receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impact of the ECL model

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a lifetime ECLs for all trade receivables. To measure the ECLs, these receivables have been grouped based on shared credit risk characteristics and the days past due. No additional impairment for these receivables as at 1 April 2018 and during the six months period ended 30 September 2018 is recognised as the amount of additional impairment measured under the ECLs model is insignificant.

Other financial assets at amortised cost of the Group included deposits, other receivables and amounts due from associates. No additional impairment for these financial assets as at 1 April 2018 and during the six months period ended 30 September 2018 is recognised as the amount of additional impairment measured under the ECLs model is insignificant.

(iii) Transition

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the statement of financial position as at 31 March 2018, but are recognised in the statement of financial position on 1 April 2018. This mean that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 April 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the date of initial application (that is, 1 April 2018). As a result, the financial information presented for the year ended 31 March 2018 has not been restated.

Under HKFRS 15, an entity normally recognizes revenue when a performance obligation is satisfied. Impact of HKFRS 15 on the revenue recognition may take into consideration when multiple performance obligations are identified. Based on its assessment, the Group has not identified multiple performance obligations and expects no material impact upon adoption of HKFRS 15 to the financial statements other than the presentation of additional disclosure.

Details of the new significant accounting policies in relation to the Group's various goods and services are set out below:

Provision of integrated LED lighting solution service

The Group has determined that for contracts with customers under provision of integrated LED lighting solution service, there may be one or more than one performance obligation, which may include sales of LED lighting fixtures and installation service.

For the performance obligation related to sales of LED lighting fixtures, the Group determines that customers control the LED lighting fixtures once the legal title has been passed to them and thus the Group concludes that the sales should be recognised at that point of time.

For the installation service, the group has determined that customers simultaneously receive and consume the benefits of the Group's performance once the installation is completed and thus the Group concludes that the service should be recognised at that point of time.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing this condensed consolidated interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to annual financial statements as at 31 March 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 9 and HKFRS 15 as described in note 3.

5. 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. 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 30 September		Six months ended 30 September	
	2018 (unaudited) HK$'000	2017 (unaudited) HK$'000	**2018 (unaudited) HK$'000**	2017 (unaudited) HK$'000
Sale of LED lighting fixtures	**22,552**	22,970	**36,881**	32,950
Integrated LED lighting solution services	**—**	1,098	**—**	1,098
LED lighting system consultation and maintenance services	**1,267**	167	**1,926**	315
Sale of visual-audio systems	**46**	17	**75**	17
	23,865	24,252	**38,882**	34,380

7. PROFIT BEFORE INCOME TAX EXPENSE

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

	Three months ended 30 September		Six months ended 30 September	
	2018 (unaudited) HK$'000	2017 (unaudited) HK$'000	**2018 (unaudited) HK$'000**	2017 (unaudited) HK$'000
Costs of inventories recognised as expenses	**9,565**	9,291	**16,103**	14,417
Auditor's remuneration	**154**	321	**308**	321
Amortisation	**7**	—	**13**	—
Depreciation	**113**	83	**236**	161
Operating lease rentals in respect of:				
— Land and buildings	**654**	582	**1,235**	983
— Plant and equipment	**15**	10	**29**	20
Provision of impairment of trade receivables	**300**	101	**300**	101
Employee benefit expenses *(Note 8)*	**4,676**	3,587	**9,320**	6,694
Exchange loss/(gain), net	**16**	130	**38**	(39)
Listing expenses	**—**	4,627	**—**	6,245

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	Three months ended 30 September		Six months ended 30 September	
	2018 (unaudited) HK$'000	2017 (unaudited) HK$'000	**2018 (unaudited) HK$'000**	2017 (unaudited) HK$'000
Fees, wages and salaries	**4,188**	3,445	**8,624**	6,403
Post-employment benefits — payment to defined contribution retirement plan	**153**	110	**302**	232
Other benefits	**335**	32	**394**	59
	4,676	3,587	**9,320**	6,694

9. INCOME TAX EXPENSE

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

	Three months ended 30 September		Six months ended 30 September	
	2018 (unaudited) HK$'000	2017 (unaudited) HK$'000	**2018 (unaudited) HK$'000**	2017 (unaudited) HK$'000
Current tax — Hong Kong profits tax — current year	**—**	609	**—**	609
Current tax — overseas profits tax — current year	**1,610**	329	**2,864**	347
Income tax expense	**1,610**	938	**2,864**	956

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2018 (unaudited) HK$'000	2017 (unaudited) HK$'000	**2018 (unaudited) HK$'000**	2017 (unaudited) HK$'000
Earnings				
Earnings for the purpose of basic earnings per share	**4,780**	3,140	**5,105**	1,929
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share *(Note)*	**1,000,000,000**	750,000,000	**1,000,000,000**	750,000,000

Note:

Weighted average of 750,000,000 ordinary shares for the period ended 30 September 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 September 2017, immediately before the completion of the public offer and placing of shares during the year ended 31 March 2018.

Diluted earnings per share is same as basic earnings per share as there was no potential dilutive ordinary shares for the period ended 30 September 2018 and 2017.

11. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2018 (six months ended 30 September 2017: nil).

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group acquired items of property, plant and equipment with a cost of approximately HK$62,000 (for the six months ended 30 September 2017: approximately HK$157,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13. TRADE AND OTHER RECEIVABLES

	As at 30 September 2018 HK$'000 (unaudited)	As at 31 March 2018 HK$'000 (audited)
Trade receivables *(note (a))*	**16,938**	14,607
Other receivables, prepayments and deposits	**2,056**	1,769
Total	**18,994**	16,376
Less: Non-current portion		
Deposits paid under operating leases	**—**	(640)
Current portion	**18,994**	15,736

(a)

	As at 30 September 2018 HK$'000 (unaudited)	As at 31 March 2018 HK$'000 (audited)
Trade receivables	**21,058**	18,460
Less: provision for impairment on trade receivables	**(4,120)**	(3,853)
	16,938	14,607

Trade receivables are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances.

Customers are generally granted a credit period between 0 and 30 days. Applications for progress payments on projects are made on a regular basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

An ageing analysis of trade receivables (net of impairment), based on invoice date, is as follows:

	As at 30 September 2018 HK$'000 (unaudited)	As at 31 March 2018 HK$'000 (audited)
Less than 1 month	**3,004**	6,669
1 to 3 months	**8,460**	5,165
3 months to 6 months	**1,989**	770
More than 6 months but less than one year	**2,120**	1,047
More than one year	**1,365**	956
	16,938	14,607

14. TRADE AND OTHER PAYABLES

	As at 30 September 2018 HK$'000 (unaudited)	As at 31 March 2018 HK$'000 (audited)
Trade payables	**7,818**	4,718
Accruals and other payables	**3,565**	8,887
Total	**11,383**	13,605
Less : Non-current portion		
Provision of warranties	**(97)**	(164)
Current portion	**11,286**	13,441

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

An ageing analysis of trade payables, based on invoice date, is as follows:

	As at 30 September 2018 HK$'000 (unaudited)	As at 31 March 2018 HK$'000 (audited)
Current or less than 1 month	**4,355**	3,127
1 to 3 months	**1,447**	1,064
4 to 6 months	**873**	—
7 to 12 months	**1,140**	—
More than 1 year	**3**	527
	7,818	4,718

The Group's trade payables are non-interest bearing. The credit period granted by suppliers is generally between 0 and 30 days.

15. SHARE CAPITAL

	Number of ordinary shares	Amount HK$
Authorised:		
Ordinary shares of HK$0.001 each		
As at 31 March 2018 (audited) and 30 September 2018 (unaudited)	10,000,000,000	10,000,000
Issued and fully paid:		
As at 31 March 2018 (audited) and 30 September 2018 (unaudited)	1,000,000,000	1,000,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16. RELATED PARTY TRANSACTIONS

(a) Related party transactions

During the period, the Group does not have any significant transactions with its related parties or transactions which constituted connected transactions as defined in Chapter 20 of the GEM Listing Rules.

(b) Key management compensation

The key management personnel of the Group are the directors and senior management of the Group. The remuneration paid or payable to them during the period are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2018 (unaudited) HK$'000	2017 (unaudited) HK$'000	**2018 (unaudited) HK$'000**	2017 (unaudited) HK$'000
Fees, wages and salaries	**1,301**	1,103	**2,820**	2,129
Post-employment benefits — payment to defined contribution retirement plan	**18**	18	**36**	36
	1,319	1,121	**2,856**	2,165

17. CAPITAL COMMITMENT

As at 30 September 2018, the Group is committed to purchase item of property, plant and equipment of HK$220,000 (31 March 2018: nil).

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 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 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

Substantial Shareholder	Nature of interest	Number of Shares	Percentage of shareholding of the Company
Eight Dimensions	Beneficial owner/ Interest held jointly with another person[1]	337,500,000 412,500,000	33.75% 41.25%
Garage Investment	Beneficial owner/ Interest held jointly with another person[1]	412,500,000 337,500,000	41.25% 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 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, 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 six months ended 30 September 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 six months ended 30 September 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 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**").

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 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 six months ended 30 September 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, 9 November 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.