

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

IMS Group Holdings Limited

英馬斯集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8136)

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

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

FINANCIAL HIGHLIGHTS

1. The Group has recorded an unaudited total revenue of approximately HK\$56.5 million for the nine months ended 31 December 2019, which represented a decrease of approximately 1.9% as compared to the nine months ended 31 December 2018.
2. The Group recorded an unaudited profit attributable to owners of the Company for the nine months ended 31 December 2019 of approximately HK\$9.4 million, which represented an increase of approximately 50.1% as compared to the nine months ended 31 December 2018.
3. The Board does not recommend the payment of interim dividend for the nine months ended 31 December 2019.

THIRD QUARTERLY RESULTS

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the nine months ended 31 December 2019, together with the comparative unaudited figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 31 December 2019

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000	2019 (unaudited) HK\$'000	2018 (unaudited) HK\$'000
Revenue	4	14,415	18,688	56,497	57,570
Direct costs		(6,083)	(9,870)	(25,359)	(28,431)
Gross profit		8,332	8,818	31,138	29,139
Other income		148	17	192	34
Other gains and losses, net		33	217	71	179
Administrative expenses		(6,760)	(7,126)	(19,385)	(19,457)
Profit before income tax expense	5	1,753	1,926	12,016	9,895
Income tax expense	7	(1,200)	(794)	(2,653)	(3,658)
Profit for the period and attributable to owners of the Company		553	1,132	9,363	6,237
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		703	91	(1,243)	(1,348)
Other comprehensive income for the period and attributable to owners of the Company, net of tax		703	91	(1,243)	(1,348)
Total comprehensive income for the period and attributable to owners of the Company		1,256	1,223	8,120	4,889
Earnings per share		HK cents	HK cents	HK cents	HK cents
Basic and diluted	8	0.06	0.11	0.94	0.62

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2019

	Attributable to owners of the Company						
	Share capital <i>HK\$'000</i>	Share premium ⁽¹⁾ <i>HK\$'000</i>	Merger reserve ⁽²⁾ <i>HK\$'000</i>	Exchange reserve ⁽³⁾ <i>HK\$'000</i>	Statutory surplus reserve ⁽⁴⁾ <i>HK\$'000</i>	Retained Profits ⁽⁵⁾ <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2019 (audited)	1,000	50,946	8	(28)	1,324	10,436	63,686
Profit for the period	—	—	—	—	—	9,363	9,363
Exchange differences on translating foreign operations	—	—	—	(1,243)	—	—	(1,243)
Total comprehensive income for the period	—	—	—	(1,243)	—	9,363	8,120
As at 31 December 2019 (unaudited)	<u>1,000</u>	<u>50,946</u>	<u>8</u>	<u>(1,271)</u>	<u>1,324</u>	<u>19,799</u>	<u>71,806</u>
As at 1 April 2018 (audited)	1,000	50,946	8	718	1,324	6,023	60,019
Profit for the period	—	—	—	—	—	6,237	6,237
Transfer to Statutory surplus reserve	—	—	—	—	1,103	(1,103)	—
Exchange differences on translating foreign operations	—	—	—	(1,348)	—	—	(1,348)
Total comprehensive income for the period	—	—	—	(1,348)	1,103	5,134	4,889
As at 31 December 2018 (unaudited)	<u>1,000</u>	<u>50,946</u>	<u>8</u>	<u>(630)</u>	<u>2,427</u>	<u>11,157</u>	<u>64,908</u>

Notes:

- (1) Share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.
- (2) 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.
- (3) Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation.
- (4) 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.
- (5) 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 18 July 2019, the principal place of business was Unit 1201, 12/F, Block C, Seaview Estate, 8 Watson 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 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 financial statements for the nine months ended 31 December 2019 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2019, except for the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group.

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

3. SEGMENT INFORMATION

During the period, 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 31 December		For the nine months ended 31 December	
	2019 (unaudited) <i>HK\$'000</i>	2018 (unaudited) <i>HK\$'000</i>	2019 (unaudited) <i>HK\$'000</i>	2018 (unaudited) <i>HK\$'000</i>
Time of revenue recognition (within the scope of HKFRS 15)				
Revenue — at a point of time				
Sale of LED lighting fixtures	12,041	15,236	49,884	52,117
Sale of visual-audio systems	34	6	59	81
Revenue — over time				
LED lighting system consultation and maintenance services	1,531	881	3,586	2,807
Integrated LED lighting solution services	809	2,565	2,968	2,565
	<u>14,415</u>	<u>18,688</u>	<u>56,497</u>	<u>57,570</u>

5. PROFIT BEFORE INCOME TAX EXPENSE

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2019 (unaudited) <i>HK\$'000</i>	2018 (unaudited) <i>HK\$'000</i>	2019 (unaudited) <i>HK\$'000</i>	2018 (unaudited) <i>HK\$'000</i>
Costs of inventories recognised as expenses	5,239	7,884	22,158	23,987
Auditor's remuneration	213	341	638	649
Depreciation	212	93	427	329
Amortisation	14	6	41	19
Operating lease rentals in respect of:				
— Land and buildings	505	651	1,890	1,886
— Plant and equipment	17	15	44	44
Provision of impairment on trade receivables, net	—	1,150	—	1,450
Employee benefit expenses (<i>Note 6</i>)	4,736	4,311	14,273	13,631
Exchange (gain)/loss, net	(33)	(40)	(71)	(2)
	4,736	4,311	14,273	13,631

6. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	For the three months ended 31 December		For the nine months ended 31 December	
	2019 (unaudited) <i>HK\$'000</i>	2018 (unaudited) <i>HK\$'000</i>	2019 (unaudited) <i>HK\$'000</i>	2018 (unaudited) <i>HK\$'000</i>
Fees, wages and salaries	4,385	4,069	13,058	12,693
Post-employment benefits — payment to defined contribution retirement plan	156	153	470	455
Other benefits	195	89	745	483
	4,736	4,311	14,273	13,631

7. INCOME TAX EXPENSE

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2019	2018	2019	2018
	(unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>
Current tax — Hong Kong profits tax				
— current year	41	—	233	—
Current tax — overseas profits tax				
— current year	518	794	1,779	3,658
	<u>559</u>	<u>794</u>	<u>2,012</u>	<u>3,658</u>
Deferred tax —				
Change for the period	641	—	641	—
	<u>641</u>	<u>—</u>	<u>641</u>	<u>—</u>
Income tax expense	<u>1,200</u>	<u>794</u>	<u>2,653</u>	<u>3,658</u>

Hong Kong profits tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits during the period.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5% (2018: 16.5%). The profits of corporations in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both years.

8. 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:

	For the three months ended 31 December		For the nine months ended 31 December	
	2019 (unaudited) <i>HK\$'000</i>	2018 (unaudited) <i>HK\$'000</i>	2019 (unaudited) <i>HK\$'000</i>	2018 (unaudited) <i>HK\$'000</i>
Earnings				
Earnings for the purpose of basic earnings per share	<u>553</u>	<u>1,132</u>	<u>9,363</u>	<u>6,237</u>
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>Note</i>)	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>

Note:

Diluted earnings per share is same as basic earnings per share as there was no potential dilutive ordinary shares for the nine months ended 31 December 2019 and 2018.

9. DIVIDENDS

The Board does not recommend the payment of interim dividend for the nine months ended 31 December 2019 (nine months ended 31 December 2018: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

For the nine months ended 31 December 2019, the Group recorded revenue of approximately HK\$56.5 million and profit attributable to the owners of the Company of approximately HK\$9.4 million, as compared to revenue of approximately HK\$57.6 million and profit attributable to owners of the Company of approximately HK\$6.2 million for the nine months 31 December 2018. The Group considers the decrease in revenue was mainly caused by the decrease in the revenue from sales of LED lighting fixtures. As for the increase in profit attributable to owners of the Company, it was mainly due to the increase of gross profit margin from approximately 50.6% for the nine months ended 31 December 2018 to approximately 55.1% for the nine months ended 31 December 2019.

FINANCIAL REVIEW

Revenue

Our revenue decreased by approximately HK\$1.1 million or 1.9%, from approximately HK\$57.6 million for the nine months ended 31 December 2018 to approximately HK\$56.5 million for the nine months ended 31 December 2019, as revenue from sales of LED lighting fixtures has decreased by approximately HK\$2.2 million for the nine months ended 31 December 2019.

Direct Cost and Gross Profit

Our direct costs comprise of components, staff costs, subcontracting fee and labour costs. The direct costs decreased by approximately HK\$3.1 million or 10.8%, from approximately HK\$28.4 million for the nine months ended 31 December 2018 to approximately HK\$25.4 million for the nine months ended 31 December 2019, mainly because the cost of inventories has decreased as we secured discounts from our suppliers.

Our gross profit increased by approximately HK\$2.0 million or 6.9%, from approximately HK\$29.1 million for the nine months ended 31 December 2018 to approximately HK\$31.1 million for the nine months ended 31 December 2019, and the gross profit margin increased from approximately 50.6% for the nine months ended 31 December 2018 to approximately 55.1% for the nine months ended 31 December 2019.

Administrative Expenses

Our administrative expenses slightly decreased by approximately HK\$0.1 million or 0.4%, from approximately HK\$19.5 million for the nine months ended 31 December 2018 to approximately HK\$19.4 million for the nine months ended 31 December 2019. No material fluctuation was noted.

Income Tax Expense

Income tax expense has decreased by approximately HK\$1.0 million or 27.5%, from approximately HK\$3.7 million for the nine months ended 31 December 2018 to approximately HK\$2.7 million for the nine months ended 31 December 2019, as we have better income tax planning between PRC subsidiaries and Hong Kong subsidiaries and certain Hong Kong subsidiaries had tax losses to off-set the assessable profits.

Profit for the period

Profit for the period was approximately HK\$9.4 million for the nine months ended 31 December 2019, compare to the profit for the period of approximately HK\$6.2 million for the nine months ended 31 December 2018.

Dividend

The Board does not recommend the payment of interim dividend for the nine months ended 31 December 2019 (nine months ended 31 December 2018: nil).

OUTLOOK

Our goal is to be one of the leading LED lighting solutions providers in Hong Kong. The Shares of the Company were successfully listed on GEM of the Stock Exchange on 25 January 2018. The net proceeds from the share offer enable us to have sufficient financial resources to broaden our customer bases and achieve cost savings through setting up our own factory in the future.

In addition, Asia, especially the PRC is still the rising engine of the global economy. We expect there will be a rising domestic demand towards world-renowned luxury brands, and hence a rising demand for our product and service offerings.

However, the on-going US-China trade war adds uncertainties to our business. Our major component, LED chips, are sourced from the United States, which would be potentially affected by steps taken by the United States. In response to the potential threat from the US-China trade war, we work closely with our suppliers to monitor the quality of LED chips supplied. 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 enlarge our market in the PRC. Our management team will closely monitor and assess the potential impact of the US-China trade war on our business.

Besides, the current outbreak of novel coronavirus from Wuhan, PRC adds uncertainties to the business environment in Southeast Asia, which our management team is still assessing the impact to our Group.

Looking forward, the Group expects the growing affluence of residents in the PRC will attract the world-renowned luxury brands to increase their exposure in the PRC, which provides us valuable opportunities to further penetrate into the PRC market. Leveraging the support of the capital market, our own strengths, the global trends of energy saving and environmental protection, the Group is cautiously optimistic on its development in the future. We will strive to maintain steady growth and to maximise returns for our investors despite the above-mentioned challenges.

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 announcement, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the “SFO”)), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in the Shares of the Company

Name of Directors	Nature of interest	Number of Shares	Approximate percentage of shareholding in our Company
Mr. Tam Yat Ming Andrew	Interest in controlled corporation ⁽¹⁾ /	490,000,000	49%
	Interest held jointly with another person ⁽²⁾	260,000,000	26%

Notes:

- (1) 490,000,000 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.
- (2) On 25 August 2017, Eight Dimensions Investment Limited (“**Eight Dimensions**”), Mr. Yeung Wun Tang Andy (“**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 Shares	Approximate percentage of shareholding in our Company
Mr. Tam Yat Ming Andrew	Garage Investment	Beneficial owner	1	100.00%

Save as disclosed above and so far as is known to the Directors, as at the date of this announcement, none of the Directors nor chief executive of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at the date of this announcement, so far as is known to the Directors, the following entities and individuals (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying Shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long position in the Shares

Name	Nature of interest	Number of Shares	Percentage of shareholding
Eight Dimensions	Beneficial owner/	260,000,000	26%
	Interest held jointly with another person ⁽¹⁾	490,000,000	49%
Garage Investment	Beneficial owner/	490,000,000	49%
	Interest held jointly with another person ⁽¹⁾	260,000,000	26%
Mr. Yeung Wun Tang Andy	Interest in controlled corporation ⁽²⁾ /	260,000,000	26%
	Interest held jointly with another person ⁽¹⁾	490,000,000	49%

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.
- (2) 260,000,000 Shares are held by Mr. Yeung indirectly through Eight Dimensions, which is wholly-owned by Mr. Yeung.

Save as disclosed above and so far as is known to the Directors, as at the date of this announcement, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section “Disclosure of interests – (a) Interests and short positions of Directors and chief executive in the Shares (the “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 of 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 of Dealings up to the date of this announcement.

COMPETING INTERESTS

None of the Directors or the controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has any business or interest in a business that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the nine months ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities for the nine months ended 31 December 2019.

INTEREST OF THE COMPLIANCE ADVISER

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

CORPORATE GOVERNANCE

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

The Company has adopted the Corporate Governance Code (the “**CG Code**”) as stated in Appendix 15 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited, except for the deviation from code provision A.2.1 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.

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 announcement.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Company for the nine months ended 31 December 2019 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, 12 February 2020

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