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**IMS Group Holdings Limited**  
**英馬斯集團控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8136)**

**SUPPLEMENTAL ANNOUNCEMENT TO THE ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH 2019, THE INTERIM REPORT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019 AND  
THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2020**

Reference is made to the annual report for the year ended 31 March 2019 (the “**2019 Annual Report**”), the interim report for the six months ended 30 September 2019 (the “**2020 Interim Report**”) and the annual report for the year ended 31 March 2020 (the “**2020 Annual Report**”) of IMS Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) which were dated 28 June 2019, 11 November 2019 and 24 June 2020 respectively. Unless otherwise defined, terms used herein shall bear the same meanings as those defined in the 2019 Annual Report, the 2020 Interim Report and the 2020 Annual Report.

In addition to the information contained in the paragraphs headed “Use of Proceeds from Initial Public Offering and Comparison of Business Objectives with Actual Business Progress” of the 2019 Annual Report, 2020 Interim Report and 2020 Annual Report on the detailed usage of the net proceeds raised from the initial public offering of the Company, the board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide the following additional information regarding the utilisation of the net proceeds.

## USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The below table sets out the proposed applications of the net proceeds as set out in the Prospectus and the unutilised amount as at 31 March 2019, 30 September 2019, 31 March 2020 and the date of this announcement:

Description	Amount designated in the Prospectus (as adjusted based on the actual net proceeds raised) <i>HK\$' million</i>	Unutilised amount as at 31 March 2019 <i>HK\$' million</i>	Unutilised amount as at 30 September 2019 <i>HK\$' million</i>	Unutilised amount as at 31 March 2020 <i>HK\$' million</i>	Unutilised amount as at the date of this announcement <i>HK\$' million</i>	Expected date to fully utilise the unutilised amount
<b>Setting up a factory</b>						
– Rental of factory and staff quarters	2.0	2.0	1.8	1.7	1.5	31 March 2022
– Operating expense including staff costs	3.9	3.9	3.9	3.0	2.0	31 March 2022
– Purchasing computer numeric control machines, 3D printer and testing equipment	3.7	3.7	2.7	0.3	Nil	N/A
– Capital expenditure including renovation and purchasing furniture and equipment	1.0	1.0	Nil	Nil	Nil	N/A
<b>Subtotal</b>	<b>10.6</b>	<b>10.6</b>	<b>8.4</b>	<b>5.0</b>	<b>3.5</b>	<b>31 March 2022</b>
<b>Recruiting high calibre staff</b>	<b>4.3</b>	<b>3.8</b>	<b>3.3</b>	<b>2.8</b>	<b>2.5</b>	<b>31 March 2022</b>
<b>Pursuing suitable acquisitions</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>13.0</b>	<b>31 December 2022</b>
<b>Enhancing our ERP system</b>	<b>3.7</b>	<b>2.7</b>	<b>2.5</b>	<b>2.3</b>	<b>2.0</b>	<b>31 March 2022</b>
<b>Expanding and upgrading the infrastructure of our workshop and office</b>	<b>1.9</b>	<b>1.8</b>	<b>0.2</b>	<b>Nil</b>	<b>Nil</b>	<b>N/A</b>
<b>Working capital and general corporate purpose</b>	<b>1.2</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>N/A</b>
<b>Total</b>	<b>34.7</b>	<b>31.9</b>	<b>27.4</b>	<b>23.1</b>	<b>21.0</b>	

As at the date of this announcement, the remaining amount of approximately HK\$21.0 million were expected to be utilised in the same manner as disclosed in the Prospectus based on the following timeline:

### Setting up a factory

According to the Prospectus, the net proceeds allocated for setting up a factory (as adjusted on a pro rata basis based on the actual net proceeds raised) was planned to be fully utilised by 31 March 2019. The actual use of the net proceeds up to 31 March 2019, 30 September 2019 and 31 March 2020 was nil, approximately HK\$2.2 million and HK\$5.6 million respectively. The actual used amount was less than the planned use amount during the relevant period primarily because the plan to set up the factory (from the preliminary preparation phase, to the production line preparation and to the commencement of factory operations) was postponed as the Board needed more time to assess the potential impact of US-China trade frictions on the Group's business. As a result, the commencement of operations of the factory was delayed from June 2018 to April 2020, which has led to a delay in utilising the proceeds and recognising the related expenses. The Board considers that the delay had no material adverse impact on the business operation and financial position of the Group because prior to the commencement of operation of the factory, our Group was able to purchase sufficient LED Lighting Fixtures from existing suppliers of the Group to cover the demand for our products.

It is expected that the unutilised proceeds will be used for the rental of factory and the staff quarters as well as for the operating expenses relating to the operation of the factory, and will be fully utilised on or before 31 March 2022.

### **Recruiting high calibre staff**

According to the Prospectus, the planned use of net proceeds (as adjusted on a pro rata basis based on the actual net proceeds raised) for recruiting high calibre staff up to 31 March 2019, 30 September 2019 and 31 March 2020 is approximately HK\$2.4 million, HK\$3.6 million and HK\$4.3 million respectively. The actual use of the net proceeds up to 31 March 2019, 30 September 2019 and 31 March 2020 is approximately HK\$0.5 million, HK\$1.0 million and HK\$1.5 million respectively. The actual used amount was less than the planned use amount during the relevant period primarily because (i) the Group has taken a longer time than expected to recruit these high calibre staff as more time is required to seek suitable candidates and thus delayed the staff costs incurred; and (ii) the Group is still seeking for a suitable candidate to fill the position of a sales coordinator.

The Group will continue to seek for suitable candidate to fill the role of sales coordinator and it is expected that the unutilised proceeds will be used for paying the staff costs in relation to the high calibre staff recruited by the Group and will be fully utilised on or before 31 March 2022.

### **Pursuing suitable acquisitions**

As at the date of this announcement, approximately HK\$13.0 million allocated for pursuing suitable acquisitions has not been utilised by the Group, which was planned to be fully utilised by 31 March 2019 as set forth in the Prospectus. In light of the uncertainty and potential adverse impact on the global economy caused by the US-China trade frictions and the outbreak of COVID-19 after listing, the Group has adopted a more cautious approach in evaluating suitable acquisition targets based on a range of factors, including investment return, acquisition consideration, profitability of acquisition target(s), synergic effect with our Group and challenges and expenses that could arise from integrating with the acquisition target(s).

Since listing, the management of the Group has explored several acquisition opportunities, however, as at the date of this announcement, the Group has not identified any suitable acquisition targets. The Group will require more time to identify suitable acquisition target(s) based on the factors identified above, and it is expected that the unutilised net proceeds will be fully utilised on or before 31 December 2022.

### **Enhancing our ERP system**

As at the date of this announcement, approximately HK\$2.0 million allocated for enhancing our ERP system has not been utilised by the Group, which was planned to be fully utilised by 31 March 2019 as set out in the Prospectus. The actual used amount was less than the planned use amount during the relevant period primarily because while the Group has implemented the ERP system in the Hong Kong office, the implementation of the ERP systems (including the centralized inventory system and production system) for the PRC factory was delayed due to the postponement of the setting up of the factory.

The Group will continue to monitor the efficiency and effectiveness of the current ERP system in place and implement further adjustments and/or upgrades as appropriate. It is expected that the unutilised net proceeds for enhancing our ERP system will be fully utilised on or before 31 March 2022.

The expected timeline for fully utilising the unutilised proceeds disclosed above is based on the best estimation from the Board with latest information as at the date of this announcement. The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus and the Group considers that the delay in use of net proceeds does not have any material adverse impacts on the operation of the Group. However, due to the adverse impacts of the outbreak of COVID-19 on worldwide economies, the Board will continue to closely monitor the situation and evaluate the impacts on the timeline to utilise the unutilised proceeds and will keep shareholders and potential investors informed if there is any material changes.

**The supplementary information provided in this announcement does not affect other information contained in the 2019 Annual Report, the 2020 Interim Report and the 2020 Annual Report and, save as disclosed above, the contents of the 2019 Annual Report, the 2020 Interim Report and the 2020 Annual Report remain unchanged.**

By order of the Board  
**IMS Group Holdings Limited**  
**Tam Yat Ming Andrew**  
*Chairman and Executive Director*

Hong Kong, 24 August 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, and Mr. Chu Yin Kam, Mr. Ha Yiu Wing and Dr. Wilson Lee as Independent Non-executive Directors.*

*This announcement, for which the Directors 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and (ii) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the day of its publication. This announcement will also be published on the Company’s website at [www.ims512.com](http://www.ims512.com).*