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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)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of IMS Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 11 January 2018 (the “**Prospectus**”), the annual report of the Company for the year ended 31 March 2018 (the “**2018 Annual Report**”) and the interim report of the Company for the six months ended 30 September 2021 (the “**2021 Interim Report**”). Unless otherwise defined, terms used in this announcement shall bear the same meanings as those defined in the Prospectus and the 2021 Interim Report.

PLANNED USE OF PROCEEDS

As set out in the 2018 Annual Report, the net proceeds from the listing amounted to approximately HK\$34.7 million. As disclosed in the Prospectus, the net proceeds would be used for (i) setting up our own factory; (ii) recruiting high caliber staff; (iii) pursuing suitable acquisitions; (iv) enhancing our enterprise resource planning system; (v) expanding and upgrading the infrastructure of our workshop and office; and (vi) working capital and general corporate purpose.

CHANGE IN USE OF PROCEEDS

According to the unaudited management accounts of the Group, as at the date of this announcement, the unutilised net proceeds amounted to approximately HK\$15.1 million (the “**Unutilised Net Proceeds**”). For the reasons set out in the paragraph headed “Reasons for and Benefits of the Change in Use of Proceeds” below in this announcement, the Board has resolved to change the use of the Unutilised Net Proceeds as follows:

Description	Amount designated in the Prospectus (as adjusted based on the actual net proceeds raised) <i>HK\$' million</i>	Unutilised Net Proceeds as at the date of this announcement <i>HK\$' million</i>	Proposed change in allocation of Unutilised Net Proceeds <i>HK\$' million</i>	Revised allocation of Unutilised Net Proceeds <i>HK\$' million</i>	Expected date to fully utilise the unutilised amount <i>HK\$' million</i>
Setting up a factory					
– Rental of factory and staff quarters	2.0	0.6	Nil	0.6	31 March 2022
– Operating expense including staff costs	3.9	Nil	Nil	Nil	N/A
– Purchasing computer numeric control machines, 3D printer and testing equipment	3.7	Nil	Nil	Nil	N/A
– Capital expenditure including renovation and purchasing furniture and equipment	1.0	Nil	Nil	Nil	N/A
Subtotal	<u>10.6</u>	<u>0.6</u>	<u>Nil</u>	<u>0.6</u>	31 March 2022
Recruiting high calibre staff	4.3	0.8	Nil	0.8	31 March 2022
Pursuing suitable acquisitions	13.0	13.0	(5.0)	8.0	31 December 2022
Enhancing our ERP system	3.7	0.7	Nil	0.7	31 March 2022
Purchasing Industrial PolyJet 3D Printer	N/A	N/A	3.0	3.0	31 March 2022
Expanding 3D printing facilities and operating a 3D printing solution workshop	N/A	N/A	2.0	2.0	31 December 2022
Expanding and upgrading the infrastructure of our workshop and office	1.9	Nil	Nil	Nil	N/A
Working capital and general corporate purpose	1.2	Nil	Nil	Nil	N/A
Total	<u>34.7</u>	<u>15.1</u>	<u>Nil</u>	<u>15.1</u>	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

In light of the continuing US-China trade frictions and the outbreak of the COVID-19 pandemic, the Group has continued to adopt a more cautious approach in evaluating suitable acquisition targets. As the unfavourable macro-environment may persist in the near future, having reassessed the business environment and business strategies, the Group decides to reallocate HK\$5.0 million of the Unutilised Net Proceeds from pursuing suitable acquisitions to investing in the Group's own 3D printing capabilities.

The Group has previously purchased different 3D printers for its product design and product sampling. During its course of business, the Group observed that there is a blooming demand for the use of 3D printing technology, not only for product design and sampling, but also for manufacturing products to be sold directly to end customers. It is foreseeable that the increase in use of 3D printing will also trigger a rise in demand for 3D printing materials. Thus, the Group intends to reallocate the proceeds to purchase suitable 3D printing equipment and expand the 3D printing workshop in order to enhance the Group's 3D printing capability.

Also, the Group has rented a storefront to be used as a 3D printing solution workshop to showcase the Group's capabilities in 3D printing, and the reallocated proceeds are also intended to be used for the expansion and operation of the workshop.

The investment will not only address the Group's internal product design and product sampling needs but will also allow the Group to grasp the growing opportunities in the 3D printing solution market.

In view of the above, the Board considers that the above change in use of proceeds of the listing would allow the Company to deploy its financial resources more efficiently for generating return to the shareholders of the Company (the "**Shareholders**") and therefore, is in the best interest of the Company and the Shareholders as a whole and it will not have any material adverse effect on the existing business and operations of the Group.

Save as disclosed above, there is no material change in the use of proceeds. Should there be further change in use of proceeds, further announcement(s) will be made by the Company as and when appropriate.

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

Hong Kong, 3 December 2021

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. Li Chun Hung, 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 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.