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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)

**THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 31 DECEMBER 2021**

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\$64.2 million for the nine months ended 31 December 2021, which represented an increase of approximately 70.7% as compared to the nine months ended 31 December 2020.
2. The Group recorded an unaudited profit attributable to owners of the Company for the nine months ended 31 December 2021 of approximately HK\$15.2 million, which represented an increase of approximately 216.7% as compared to the nine months ended 31 December 2020.
3. The Board does not recommend the payment of interim dividend for the nine months ended 31 December 2021.

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 2021, together with the comparative unaudited figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Revenue	4	19,885	18,815	64,230	37,579
Direct costs		(11,044)	(8,097)	(28,972)	(17,957)
Gross profit		8,841	10,718	35,258	19,622
Other income		39	150	112	2,634
Other gains and losses, net		(84)	155	581	132
Reversal of expected credit loss on trade receivables		1	154	291	154
Administrative expenses		(5,861)	(5,898)	(17,868)	(16,704)
Profit from operation		2,936	5,279	18,374	5,838
Finance cost	5(a)	(29)	(41)	(110)	(140)
Profit before income tax expense	5	2,907	5,238	18,264	5,698
Income tax (expense)/credit	7	(1,035)	72	(3,100)	(934)
Profit for the period and attributable to owners of the Company		1,872	5,310	15,164	4,764
Other comprehensive income/(loss)					
Item that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		217	608	(179)	1,617
Other comprehensive income/(loss) for the period and attributable to owners of the Company, net of tax		217	608	(179)	1,617
Total comprehensive income for the period and attributable to owners of the Company		2,089	5,918	14,985	6,381
Earnings per share		HK cents	HK cents	HK cents	HK cents
Basic and diluted	8	0.19	0.53	1.52	0.48

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 DECEMBER 2021

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium ⁽¹⁾ HK\$'000	Merger reserve ⁽²⁾ HK\$'000	Exchange reserve ⁽³⁾ HK\$'000	Statutory surplus reserve ⁽⁴⁾ HK\$'000	Proposed dividends HK\$'000	Retained profits ⁽⁵⁾ HK\$'000	
As at 1 April 2021 (audited)	1,000	50,946	8	(117)	1,324	10,000	10,852	74,013
Profit for the period	-	-	-	-	-	-	15,164	15,164
Other comprehensive loss: <i>Items that are or may be reclassified to profit or loss:</i>								
Exchange differences on translating foreign operations	-	-	-	(179)	-	-	-	(179)
Total comprehensive (loss)/income for the period	-	-	-	(179)	-	-	15,164	14,985
2020/21 final dividend at HK\$0.01 per ordinary share	-	-	-	-	-	(10,000)	-	(10,000)
As at 31 December 2021 (unaudited)	1,000	50,946	8	(296)	1,324	-	26,016	78,998
As at 1 April 2020 (audited)	1,000	50,946	8	(1,930)	1,324	-	15,423	66,771
Profit for the period	-	-	-	-	-	-	4,764	4,764
Other comprehensive loss: <i>Items that are or may be reclassified to profit or loss:</i>								
Exchange differences on translating foreign operations	-	-	-	1,617	-	-	-	1,617
Total comprehensive income for the period	-	-	-	1,617	-	-	4,764	6,381
As at 31 December 2020 (unaudited)	1,000	50,946	8	(313)	1,324	-	20,187	73,152

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. The principal place of business is located at 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 2021 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2021, 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	
	2021 (unaudited) <i>HK\$'000</i>	2020 (unaudited) <i>HK\$'000</i>	2021 (unaudited) <i>HK\$'000</i>	2020 (unaudited) <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15				
Revenue – at a point of time				
Sale of LED lighting fixtures	12,762	12,357	43,364	25,751
Sale of visual-audio systems	80	1	442	38
Revenue – over time				
LED lighting system consultation and maintenance services	2,660	1,084	6,368	3,324
Integrated LED lighting solution services	4,383	5,373	14,056	8,466
	<u>19,885</u>	<u>18,815</u>	<u>64,230</u>	<u>37,579</u>

5. PROFIT BEFORE INCOME TAX EXPENSE

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

	Three months ended		Nine months ended	
	31 December		31 December	
	2021 (unaudited) <i>HK\$'000</i>	2020 (unaudited) <i>HK\$'000</i>	2021 (unaudited) <i>HK\$'000</i>	2020 (unaudited) <i>HK\$'000</i>
(a) Finance costs				
Interest on lease liabilities	<u>29</u>	<u>41</u>	<u>110</u>	<u>140</u>
(b) Other items				
Costs of inventories recognised as expenses	8,330	5,400	21,929	10,881
Auditor's remuneration				
– Audit-related assurance services	143	185	428	435
Depreciation of property, plant and equipment				
– Administrative expenses	391	423	1,124	1,022
– Cost of sales	322	16	958	35
Amortisation of intangible assets	36	36	108	105
Depreciation of right-of-use assets	670	533	2,007	1,589
Leases expenses of other premises under short term leases	<u>31</u>	<u>13</u>	<u>134</u>	<u>44</u>

6. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2021 (unaudited) <i>HK\$'000</i>	2020 (unaudited) <i>HK\$'000</i>	2021 (unaudited) <i>HK\$'000</i>	2020 (unaudited) <i>HK\$'000</i>
Fees, wages and salaries	5,273	5,177	15,814	15,125
Post-employment benefits – payment to defined contribution retirement plan	236	170	702	499
Other benefits	<u>12</u>	<u>51</u>	<u>218</u>	<u>321</u>
	<u>5,521</u>	<u>5,398</u>	<u>16,734</u>	<u>15,945</u>

7. INCOME TAX EXPENSE/(CREDIT)

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

	Three months ended 31 December		Nine months ended 31 December	
	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2020 (unaudited) HK\$'000
Current tax				
Hong Kong profits tax				
– current period	615	–	2,002	–
PRC enterprise income tax (“EIT”)				
– current period	371	(117)	1,082	182
Withholding income tax	–	–	–	737
Deferred income tax	49	45	16	15
	<u>1,035</u>	<u>(72)</u>	<u>3,100</u>	<u>934</u>
Income tax expense/(credit)	<u>1,035</u>	<u>(72)</u>	<u>3,100</u>	<u>934</u>

Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% (nine months ended 31 December 2020: 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 gazetted 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% (nine months ended 31 December 2020: 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%.

PRC EIT

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 subsidiaries is 25% for both years.

Withholding income tax

Under the EIT Law, dividends, interests, rent, royalties and gains on transfers of property received by a foreign enterprise, i.e. non-China tax resident enterprise, will be subject to the PRC withholding tax at 10% or a reduced treaty rate depending on provisions of tax treaty entered between the PRC and the jurisdiction where the foreign enterprise was incorporated. The withholding tax rate is 5% for the holding company in Hong Kong if the holding company is the beneficial owner of the dividend received from the invested enterprises in the PRC and was obtained the approval of enjoying the treaty rate from the PRC tax authorities. The withholding tax imposed on the dividend income received from the Group’s PRC entities will reduce the Group’s net income.

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	
	2021	2020	2021	2020
	(unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>	(unaudited) <i>HK\$'000</i>
Earnings				
Earnings for the purpose of basic earnings per share	<u>1,872</u>	<u>5,310</u>	<u>15,164</u>	<u>4,764</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 2021 and 2020.

9. DIVIDENDS

The Board does not recommend the payment of interim dividend for the nine months ended 31 December 2021 (nine months ended 31 December 2020: 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 2021, the Group recorded revenue of approximately HK\$64.2 million and profit attributable to the owners of the Company of approximately HK\$15.2 million, as compared to revenue of approximately HK\$37.6 million and profit attributable to owners of the Company of approximately HK\$4.8 million for the nine months ended 31 December 2020. The Group considers the increase in revenue and profit attributable to owners of the Company were primarily attributable to the recovery from the adverse impact brought by novel coronavirus disease (“COVID-19”) in 2021 as the pandemic under control in Hong Kong and the PRC, compared to 2020.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK\$26.6 million or 70.7%, from approximately HK\$37.6 million for the nine months ended 31 December 2020 to approximately HK\$64.2 million for the nine months ended 31 December 2021, primarily because revenue generated from sales of LED lighting fixtures has increased by approximately HK\$17.6 million for the nine months ended 31 December 2021.

Cost of Sales and Gross Profit

Our cost of sales comprise of components, staff costs, subcontracting fee and labour costs and overhead. The cost of sales increased by approximately HK\$11.0 million or 61.1%, from approximately HK\$18.0 million for the nine months ended 31 December 2020 to approximately HK\$29.0 million for the nine months ended 31 December 2021, which the increase was in line with the increase of revenue.

With the increase in revenue, our gross profit increased by approximately HK\$15.7 million or 80.1%, from approximately HK\$19.6 million for the nine months ended 31 December 2020 to approximately HK\$35.3 million for the nine months ended 31 December 2021, and the gross profit margin increased from approximately 52.2% for the nine months ended 31 December 2020 to approximately 54.9% for the nine months ended 31 December 2021.

Administrative Expenses

Our administrative expenses increased by approximately HK\$1.2 million or 7.2%, from approximately HK\$16.7 million for the nine months ended 31 December 2020 to approximately HK\$17.9 million for the nine months ended 31 December 2021. The increase was mainly due to increase of sales commission and salaries and allowance of approximately HK\$0.7 million and depreciation of right of use assets of approximately HK\$0.4 million.

Income Tax Expense

Income tax expense has increased significantly from approximately HK\$0.9 million for the nine months ended 31 December 2020 to approximately HK\$3.1 million for the nine months ended 31 December 2021, primarily due to the Group's increased revenue in both Hong Kong subsidiaries and PRC subsidiaries.

Profit for the period

The Group recorded a profit of approximately HK\$15.2 million attributable to owners of the Company for the nine months ended 31 December 2021, representing an increase of approximately HK\$10.4 million as compared with a profit of approximately HK\$4.8 million for the nine months ended 31 December 2020. The profit is caused by the increase in revenue and gross profit margins.

Dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2021 (nine months ended 31 December 2020: nil).

OUTLOOK

Future Development and Outlook

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

In addition, Asia (especially the PRC) continues to be the growth engines of the global economy. We expect that there will be rising domestic demand from renowned luxury brands. The Group will continue to grow despite the adverse impact brought by COVID-19 in 2021. However, we would expect to face various uncertainties and difficulties like transportation restrictions due to COVID-19. In response, the Group has regularly carried out assessments of the overall impact of the pandemic on its operations and has taken all possible contingency measures to contain such impact.

OTHER INFORMATION

DISCLOSURE OF INTERESTS

(a) **Interests and short positions of Directors and chief executive in the shares (the “Share(s)”), 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 executive 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 Future Ordinance (“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 ⁽¹⁾	Interest in controlled corporation ⁽²⁾	490,000,000	49%

Notes:

- (1) On 11 August 2020, The Garage Investment Limited (“**Garage Investment**”), Eight Dimensions Investment Limited (“**Eight Dimensions**”), Mr. Tam Yat Ming Andrew (“**Mr. Tam**”) and Mr. Yeung Wun Tang Andy (“**Mr. Yeung**”) entered into a deed of termination (the “**Termination Deed**”) to terminate the acting in concert arrangement under the acting in concert agreement dated 25 August 2017 entered into among themselves. Upon execution of the Termination Deed, Mr. Tam (and Garage Investment) and Mr. Yeung (and Eight Dimensions) are no longer deemed to be interested in each other’s interest in the Shares.
- (2) 490,000,000 Shares are held by Mr. Tam indirectly through Garage Investment, which is wholly-owned by Mr. Tam.

Long position in the Shares of associated corporations

Name of Directors	Name of associated corporation	Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Tam	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 ⁽¹⁾	Beneficial owner	170,000,000	17%
Garage Investment ⁽¹⁾	Beneficial owner	490,000,000	49%
Mr. Yeung ⁽¹⁾	Interest in controlled corporation ⁽²⁾	170,000,000	17%
Ms. Hung Ying ⁽³⁾	Interest of spouse	170,000,000	17%
Ms. Ng Wing Sze ⁽⁴⁾	Interest of spouse	490,000,000	49%

Note:

- (1) On 11 August 2020, Garage Investment, Eight Dimensions, Mr. Tam and Mr. Yeung entered into the Termination Deed to terminate the acting in concert arrangement under the Acting in Concert Agreement. Upon execution of the Termination Deed, Mr. Tam (and Garage Investment) and Mr. Yeung (and Eight Dimensions) are no longer deemed to be interested in each other's interest in the Shares.
- (2) 170,000,000 Shares are held by Mr. Yeung indirectly through Eight Dimensions, which is wholly-owned by Mr. Yeung.
- (3) Ms. Hung Ying is the spouse of Mr. Yeung. By virtue of the SFO, Ms. Hung Ying is deemed to be interested in the Shares in which Mr. Yeung is interested.
- (4) Ms. Ng Wing Sze is the spouse of Mr. Tam. By virtue of the SFO, Ms. Ng Wing Sze is deemed to be interested in the Shares in which Mr. Tam is interested.

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 – Interests and short positions of Directors and chief executive in 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 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 2021.

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 2021.

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 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

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.

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. Li Chun Hung (Chairman), Mr. Ha Yiu Wing and Dr. Wilson Lee, 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 2021 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 February 2022

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. Li Chun Hung, Mr. Ha Yiu Wing and Dr. Wilson Lee as Independent Non-executive Directors.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Listed Company Information” page for at least 7 days from the day of its posting. This announcement will also be published on the Company’s website at www.ims512.com.