

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 Report
2022/23

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.

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This report, 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 report 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 report misleading.

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Tam Yat Ming Andrew
(Chairman and Chief Executive Officer)
Mr. Lo King Shun

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Li Chun Hung
Mr. Ha Yiu Wing
Dr. Wilson Lee

COMPANY SECRETARY

Mr. Lee Pui Chung

COMPLIANCE OFFICER

Mr. Tam Yat Ming Andrew

AUTHORISED REPRESENTATIVES

Mr. Tam Yat Ming Andrew
Mr. Lee Pui Chung

AUDIT COMMITTEE

Mr. Li Chun Hung
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)*
Dr. Wilson Lee
Mr. Li Chun Hung

AUDITOR

Mazars CPA Limited
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Central Plaza,
18 Harbour Road, Wan Chai,
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:
LC Lawyers LLP
Suite 3106, 31/F,
One Taikoo Place,
979 King's Road, Quarry Bay,
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
13/F, Cambridge House,
Taikoo Place,
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Island East, Hong Kong

Standard Chartered Bank (Hong Kong)
Limited
26/F, Standard Chartered Tower,
388 Kwun Tong Road,
Kwun Tong, Kowloon,
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Block C, Seaview Estate,
8 Watson Road, North Point,
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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Hutchins Drive, P.O.Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square,
Hutchins Drive,
P.O.Box 2681,
Grand Cayman KY1-1111,
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK)
Limited
2103B, 21/F, 148 Electric Road,
North Point,
Hong Kong

STOCK CODE

8136

COMPANY'S WEBSITE

www.ims512.com

FINANCIAL HIGHLIGHTS

1. The Group has recorded an unaudited total revenue of approximately HK\$65.7 million for the nine months ended 31 December 2022, which represented an increase of approximately 2.3% as compared to the nine months ended 31 December 2021.
 2. The Group recorded an unaudited profit attributable to owners of the Company for the nine months ended 31 December 2022 of approximately HK\$12.4 million, which represented a decrease of approximately 18.4% as compared to the nine months ended 31 December 2021.
 3. The Board does not recommend the payment of interim dividend for the nine months ended 31 December 2022.
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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 2022, together with the comparative unaudited figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Revenue	4	20,588	19,885	65,662	64,230
Direct costs		(13,280)	(11,044)	(32,792)	(28,972)
Gross profit		7,308	8,841	32,870	35,258
Other income		197	39	1,226	112
Other gains and losses, net		166	(84)	(172)	581
Reversal of expected credit loss on trade receivables		-	1	24	291
Administrative expenses		(6,084)	(5,861)	(18,777)	(17,868)
Profit from operation		1,587	2,936	15,171	18,374
Finance cost	5(a)	(73)	(29)	(170)	(110)
Profit before income tax expense	5	1,514	2,907	15,001	18,264
Income tax expense	7	(557)	(1,035)	(2,612)	(3,100)
Profit for the period and attributable to owners of the Company		957	1,872	12,389	15,164
Other comprehensive income/(loss) Item that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		1,011	217	(1,265)	(179)
Other comprehensive income/(loss) for the period and attributable to owners of the Company, net of tax		1,011	217	(1,265)	(179)
Total comprehensive income for the period and attributable to owners of the Company		1,968	2,089	11,124	14,985
Earnings per share		HK cents	HK cents	HK cents	HK cents
Basic and diluted	8	0.1	0.19	1.24	1.52

THIRD QUARTERLY RESULTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 DECEMBER 2022

	Attributable to owners of the Company							
	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	Total HK\$'000
As at 1 April 2022 (audited)	1,000	50,946	8	(191)	1,324	4,000	18,223	75,310
Profit for the period	-	-	-	-	-	-	12,389	12,389
Other comprehensive loss: <i>Items that are or may be reclassified to profit or loss:</i>								
Exchange differences on translating foreign operations	-	-	-	(1,265)	-	-	-	(1,265)
Total comprehensive (loss)/income for the period	-	-	-	(1,265)	-	-	12,389	11,124
2021/22 final dividend at HK\$0.01 per ordinary share	-	-	-	-	-	(4,000)	-	(4,000)
As at 31 December 2022 (unaudited)	1,000	50,946	8	(1,456)	1,324	-	30,612	82,434
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

THIRD QUARTERLY RESULTS

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 light-emitting diode ("**LED**") lighting fixtures and visual-audio system, provision of integrated LED lighting solution services, project consultancy and LED lighting system maintenance services, sale of 3D printing materials and provision for 3D printing 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 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2022, 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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, sale of 3D printing materials and provision for 3D printing 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	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15				
Revenue – at a point of time				
Sale of LED lighting fixtures	11,347	12,762	38,742	43,364
Sale of visual-audio systems	275	80	474	442
Sale of 3D printing materials and provision for 3D printing services	415	-	2,470	-
Revenue – over time				
LED lighting system consultation and maintenance services	2,548	2,660	4,233	6,368
Integrated LED lighting solution services	6,003	4,383	19,743	14,056
	20,588	19,885	65,662	64,230

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. PROFIT BEFORE INCOME TAX EXPENSE

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

	Three months ended 31 December		Nine months ended 31 December	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
(a) Finance costs				
Interest on lease liabilities	73	29	170	110
(b) Other items				
Costs of inventories recognised as expenses	10,382	8,330	23,604	21,929
Auditor's remuneration				
– Audit-related assurance services	150	143	449	428
Depreciation of property, plant and equipment				
– Administrative expenses	456	391	1,400	1,124
– Cost of sales	15	322	254	958
Amortisation of intangible assets	36	36	108	108
Depreciation of right-of-use assets	787	670	2,080	2,007
Leases expenses of other premises under short term leases	(63)	31	111	134

6. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	For the three months ended 31 December		For the nine months ended 31 December	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Fees, wages and salaries	5,177	5,273	15,579	15,814
Post-employment benefits – payment to defined contribution retirement plan	221	236	663	702
Other benefits	7	12	254	218
	5,405	5,521	16,496	16,734

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE

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	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Current tax				
Hong Kong profits tax				
– current period	465	615	1,900	2,002
PRC enterprise income tax (“EIT”)				
– current period	94	371	746	1,082
Deferred income tax	(2)	49	(34)	16
Income tax expense/(credit)	557	1,035	2,612	3,100

Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% (nine months ended 31 December 2021: 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 2021: 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Earnings				
Earnings for the purpose of basic earnings per share	957	1,872	12,389	15,164
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share <i>(Note)</i>	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000

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 2022 and 2021.

9. DIVIDENDS

No dividend has been paid or declared by the Company for the nine months ended 31 December 2022 (nine months ended 31 December 2021: 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 2022, the Group recorded revenue of approximately HK\$65.7 million and profit attributable to the owners of the Company of approximately HK\$12.4 million, as compared to revenue of approximately HK\$64.2 million and profit attributable to owners of the Company of approximately HK\$15.2 million for the nine months ended 31 December 2021. The Group considers the increase in revenue and the decrease in profit attributable to owners of the Company were the combined effect of the recovery from the adverse impact brought by novel coronavirus disease (“COVID-19”) in 2022 as the pandemic under control in Hong Kong and the PRC, compared to 2021 and the increasing sub-contracting cost in the PRC.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK\$1.5 million or 2.3%, from approximately HK\$64.2 million for the nine months ended 31 December 2021 to approximately HK\$65.7 million for the nine months ended 31 December 2022, primarily because revenue generated from integrated LED lighting solution services has increased by approximately HK\$5.6 million for the nine months ended 31 December 2022.

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\$3.8 million or 13.1%, from approximately HK\$29.0 million for the nine months ended 31 December 2021 to approximately HK\$32.8 million for the nine months ended 31 December 2022, which the increase was mainly due to the increasing sub-contracting cost in the PRC.

With the increase in cost of sales, our gross profit decreased by approximately HK\$2.4 million or 6.8%, from approximately HK\$35.3 million for the nine months ended 31 December 2021 to approximately HK\$32.9 million for the nine months ended 31 December 2022, and the gross profit margin decreased from approximately 54.9% for the nine months ended 31 December 2021 to approximately 50.1% for the nine months ended 31 December 2022.

Administrative Expenses

Our administrative expenses increased by approximately HK\$0.9 million or 5.0%, from approximately HK\$17.9 million for the nine months ended 31 December 2021 to approximately HK\$18.8 million for the nine months ended 31 December 2022. The increase was mainly due to increase of advertising expenses of approximately HK\$0.3 million and depreciation of approximately HK\$0.3 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expense

Income tax expense has decreased from approximately HK\$3.1 million for the nine months ended 31 December 2021 to approximately HK\$2.6 million for the nine months ended 31 December 2022, primarily due to the Group's decreased profit in both Hong Kong subsidiaries and PRC subsidiaries.

Profit for the period

The Group recorded a profit of approximately HK\$12.4 million attributable to owners of the Company for the nine months ended 31 December 2022, representing a decrease of approximately HK\$2.8 million as compared with a profit of approximately HK\$15.2 million for the nine months ended 31 December 2021. The decrease is caused by the decrease in gross profit margins.

Dividend

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2022 (nine months ended 31 December 2021: nil).

OUTLOOK

Future Development and Outlook

The Group will continue its efforts to be one of the leading LED lighting solutions providers in Asia. We believe that the domestic demand from luxury renowned brands are still active in the PRC market which will therefore require more renovation of retail stores in the PRC's shopping mall. The Group will continue to look for new luxury renowned brands' customers to extend our customer base through our existing network.

During 2021/22, we have set up a physical 3D printing workshop named "dot 3D Factory" and entered the 3D printing solution market by providing one-stop solution services including 3D printing, 3D scanning, 3D modelling and selling 3D printing materials and accessories. As 3D printing industry is a new business developed by the Group, we will actively adapt to the market development and technological progress. We will continue to develop and invest in the 3D printing solution market by acquiring advanced 3D printing and scanning equipment and recruiting high calibre staff to expand of 3D printing business.

As at the date of this report, we are still facing the impact of COVID-19, and 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 report, 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 ⁽¹⁾	490,000,000	49%

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.

OTHER INFORMATION

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 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

Name	Nature of interest	Number of Shares	Percentage of shareholding
Garage Investment	Beneficial owner	490,000,000	49.00%
Ms. Ng Wing Sze ⁽¹⁾	Interest of spouse	490,000,000	49.00%
Mr. Wan Man Hong	Beneficial owner	56,550,000	5.66%
Ms. Yeung Ngai ⁽²⁾	Interest of spouse	56,550,000	5.66%

OTHER INFORMATION

Note:

- (1) 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.
- (2) Ms. Yeung Ngai is the spouse of Mr. Wan Man Hong ("**Mr. Wan**"). By virtue of the SFO, Ms. Yeung Ngai is deemed to be interested in the Shares in which Mr. Wan is interested.

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 – 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 report.

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 2022.

OTHER INFORMATION

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 2022.

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 C.2.1 of the CG Code.

Pursuant to code provision C.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.

OTHER INFORMATION

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. 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 2022 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 2023

As at the date of this report, 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.