

*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)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2023**

**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 of Hong Kong Limited (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.*

## ANNUAL RESULTS

The board of Directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 March 2023, together with the comparative audited figures for the corresponding period of last year as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 March 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>Revenue</b>	5	<b>73,384</b>	78,904
Cost of sales		<u>(39,376)</u>	<u>(37,828)</u>
<b>Gross profit</b>		<b>34,008</b>	41,076
Other income		<b>1,472</b>	309
Other gains and losses, net		<b>(357)</b>	611
Administrative expenses		<b>(27,208)</b>	(28,011)
Loss allowance on trade receivables	11(a)	<u><b>(441)</b></u>	<u>(316)</u>
<b>Profit from operation</b>		<b>7,474</b>	13,669
Finance costs	6(a)	<u><b>(226)</b></u>	<u>(130)</u>
<b>Profit before income tax expenses</b>	6	<b>7,248</b>	13,539
Income tax expenses	8	<u><b>(1,122)</b></u>	<u>(2,168)</u>
<b>Profit attributable to owners of the Company</b>		<u><b>6,126</b></u>	<u>11,371</u>
<b>Other comprehensive loss:</b>			
<i>Item that is or may be reclassified to profit or loss:</i>			
Exchange difference on translating foreign operations		<u><b>(1,019)</b></u>	<u>(74)</u>
<b>Other comprehensive loss for the year</b>		<u><b>(1,019)</b></u>	<u>(74)</u>
<b>Total comprehensive income for the year attributable to owners of the Company</b>		<u><b>5,107</b></u>	<u>11,297</u>
		<i>HK cent</i>	<i>HK cent</i>
<b>Earnings per share</b>			
Basic and diluted	10	<u><b>0.61</b></u>	<u>1.14</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

	Note	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		6,720	8,604
Intangible assets		239	389
Right-of-use assets		4,141	2,414
		<u>11,100</u>	<u>11,407</u>
<b>Current assets</b>			
Inventories		11,225	6,434
Trade and other receivables	11	8,284	18,090
Cash and bank balances		79,967	65,024
		<u>99,476</u>	<u>89,548</u>
<b>Current liabilities</b>			
Trade and other payables	12	9,264	13,653
Contract liabilities		18,786	7,873
Lease liabilities		2,807	1,250
Tax payables		1,115	679
		<u>31,972</u>	<u>23,455</u>
<b>Net current assets</b>		<u>67,504</u>	<u>66,093</u>
<b>Total assets less current liabilities</b>		<u>78,604</u>	<u>77,500</u>
<b>Non-current liabilities</b>			
Other payables	12	124	129
Contract liabilities		182	296
Deferred tax liabilities		449	553
Lease liabilities		1,432	1,212
		<u>2,187</u>	<u>2,190</u>
<b>NET ASSETS</b>		<u>76,417</u>	<u>75,310</u>
<b>Capital and reserves</b>			
Share capital	13	1,000	1,000
Reserves		75,417	74,310
<b>TOTAL EQUITY</b>		<u>76,417</u>	<u>75,310</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2023

## 1. GENERAL

IMS Group Holdings Limited (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, 12th Floor, Block C, Seaview Estate, 8 Watson Road, North Point, Hong Kong.

The Company is 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, LED lighting system maintenance services, sale of 3D printing materials and provision for 3D printing services.

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

### (a) Adoption of new/revised HKFRSs

The Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) has issued a number of new/revised HKFRSs and amendments to HKFRSs. The Group has applied, for the first time, the following new/revised HKFRSs that are relevant to the Group’s consolidated financial statements:

#### *Amendments to HKAS 16: Proceeds before Intended Use*

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

#### *Amendments to HKAS 37: Cost of Fulfilling a Contract*

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### ***Amendments to HKFRS 3: Reference to the Conceptual Framework***

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### ***Annual Improvements Project – 2018-2020 Cycle***

#### *HKFRS 1: Subsidiary as a First-time Adopter*

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent’s date of transition to HKFRSs.

#### *HKFRS 9: Fees in the “10 per cent” Test for Derecognition of Financial Liabilities*

This amendment clarifies that – for the purpose of performing the “10 per cent test” for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf.

#### *HKFRS 16: Lease Incentives*

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

#### *HKAS 41: Taxation in Fair Value Measurements*

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13.

The adoption of the above new/revised HKFRSs and HKAS does not have any significant impact on the consolidated financial statements.

**(b) New/revised HKFRSs that have been issued but are not yet effective**

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 1	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>1</sup>
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> The effective date to be determined

The directors of the Company do not anticipate that the adoption of the new/revised HKFRSs and HKAS in future periods will have any material impact on the results of the Group.

**3. BASIS OF PREPARATION**

**(a) Statement of compliance**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

**(b) Basis of measurement**

The consolidated financial statements have been prepared under the historical cost basis.

**(c) Functional and presentation currency**

The consolidated financial statements are presented in HK\$, which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated. Each entity in the Group maintains its books and records in its own functional currency.

#### 4. SEGMENT INFORMATION

##### Operating segments

During the year, 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.

##### Geographical information

The following table sets out the information about the geographical location of the Group's revenue from external customers and non-current assets other than financial instruments ("Specified non-current assets").

The Group comprises the following major geographical segments:

	Revenue from external customers by customers' location		Specified non-current assets by assets' location	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
Hong Kong (place of domicile)	9,973	4,613	7,484	7,838
The PRC	50,863	63,327	3,616	3,569
Asia (excluding Hong Kong and the PRC)	10,150	9,830	–	–
Europe	177	–	–	–
Others	2,221	1,134	–	–
	<u>73,384</u>	<u>78,904</u>	<u>11,100</u>	<u>11,407</u>

##### Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

	2023 HK\$'000	2022 HK\$'000
Customer A	N/A	11,101
Customer B	<u>7,877</u>	<u>N/A</u>

The revenue from Customer A was less than 10% of the revenue of the Group for the year ended 31 March 2023 (2022: The revenue from Customer B was less than 10% of the revenue of the Group for the year ended 31 March 2022).

In the following table, revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment.

***Disaggregation of revenue from contracts with customers***

	Integrated LED lighting solution service		Sales of LED lighting fixtures		Sales of visual-audio systems		LED lighting system consultation and maintenance services		Sales of 3D printing materials and provision for 3D printing services		Total	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>Geographical markets</b>												
- Hong Kong (place of domicile)	-	-	3,797	1,576	652	568	2,659	1,962	2,865	507	9,973	4,613
- The PRC	19,987	20,782	28,746	38,057	-	-	2,130	4,488	-	-	50,863	63,327
- Asia (excluding Hong Kong and the PRC)	-	-	9,416	8,525	-	-	734	1,305	-	-	10,150	9,830
- Europe	-	-	177	-	-	-	-	-	-	-	177	-
- Others	-	-	2,047	1,127	-	-	48	7	126	-	2,221	1,134
	<u>19,987</u>	<u>20,782</u>	<u>44,183</u>	<u>49,285</u>	<u>652</u>	<u>568</u>	<u>5,571</u>	<u>7,762</u>	<u>2,991</u>	<u>507</u>	<u>73,384</u>	<u>78,904</u>
<b>Timing of revenue recognition</b>												
- At a point in time	-	-	44,183	49,285	652	568	-	-	2,991	507	47,826	50,360
- Over time	19,987	20,782	-	-	-	-	5,571	7,762	-	-	25,558	28,544
	<u>19,987</u>	<u>20,782</u>	<u>44,183</u>	<u>49,285</u>	<u>652</u>	<u>568</u>	<u>5,571</u>	<u>7,762</u>	<u>2,991</u>	<u>507</u>	<u>73,384</u>	<u>78,904</u>

**5. REVENUE**

Revenue includes the net invoiced value of goods sold, project consultancy, maintenance services and printing services rendered and contracts on LED lighting solution projects earned by the Group. The amounts of each significant category of revenue recognised during the year are as follows:

	2023 HK\$'000	2022 HK\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
<i>Revenue – at point in time</i>		
Sales of LED lighting fixtures	44,183	49,285
Sales of visual-audio systems	652	568
Sales of 3D printing materials and provision for 3D printing services	2,991	507
<i>Revenue – over time</i>		
LED lighting system consultation and maintenance services	5,571	7,762
Integrated LED lighting solution service	19,987	20,782
	<u>73,384</u>	<u>78,904</u>



## 6. PROFIT BEFORE INCOME TAX EXPENSES

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>(a) Finance costs</b>		
Interest on lease liabilities	226	130
<b>(b) Other items</b>		
Costs of inventories recognised as expenses	31,259	28,353
Auditor's remuneration	610	598
Loss on disposal of property, plant and equipment	4	–
Depreciation of property, plant and equipment	2,114	2,969
Amortisation of intangible assets	144	145
Depreciation of right-of-use assets	2,782	2,679
Leases expenses of other premises under short-term leases	48	48

## 7. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Fees, wages, salaries and allowances	24,343	25,939
Post-employment benefits – payment to defined contribution retirement plan	847	868
	<b>25,190</b>	<b>26,807</b>

Employee benefit expenses included an amount of HK\$6,809,000 (2022: HK\$7,369,000) charged to “cost of sales” as labour costs for the year ended 31 March 2023.

## 8. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong profits tax		
– Current year	1,092	980
– Over provision in respect of prior years	(10)	–
	<u>1,082</u>	<u>980</u>
<b>PRC enterprise income tax (“EIT”)</b>		
– Current year	168	1,222
– (Over) Under provision in respect of prior years	(78)	32
	<u>90</u>	<u>1,254</u>
	<u>1,172</u>	<u>2,234</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(50)	(66)
	<u>(50)</u>	<u>(66)</u>
<b>Income tax expense</b>	<u>1,122</u>	<u>2,168</u>

### Hong Kong profits tax

Under the two-tiered profits tax rates regime introduced in 2018, the first HK\$2,000,000 of profits of qualifying group entity are taxed at 8.25% and profits above HK\$2,000,000 are taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime continue to be taxed at a flat rate of 16.5%.

### PRC EIT

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

For the year ended 31 March 2023, Shenzhen CH Alliance Trading Co., Limited, a subsidiary of the Company, complies with the provisions of the Notice on Applying Inclusive Tax Relief Policies to Small and Micro Enterprises (Cai Shui [2019] No.13), pursuant to which for the period from 1 January 2019 to 31 December 2021, for small and micro enterprises, the portion of annual taxable income not exceeding RMB1,000,000 is subject to a corporate tax rate of 20% on the basis of 25% (further reduce to 12.5% for the period from 1 January 2021 to 31 December 2022) of this portion of its taxable income, and the portion of annual taxable income exceeding RMB1,000,000 but not exceeding RMB3,000,000 is subject to corporate tax rate of 20% on the basis of 50% of this portion of its taxable income.

## 9. DIVIDENDS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Attributable to previous years, approved and paid during the year:		
Final dividend of HK\$0.004 (2022: HK\$0.01) per share	<u>4,000</u>	<u>10,000</u>

No dividend has been declared by the Company during the year ended 31 March 2023.

## 10. EARNINGS PER SHARE

### (a) Basic

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Numerator</b>		
Profit attributable to owners of the Company	<u>6,126</u>	<u>11,371</u>
	<i>'000 shares</i>	<i>'000 shares</i>
<b>Denominator</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,000,000</u>	<u>1,000,000</u>
Basic earnings per share ( <i>HK cent</i> )	<u>0.61</u>	<u>1.14</u>

### (b) Diluted

Diluted earnings per share is same as basic earnings per share as there was no potential dilutive ordinary shares for the years ended 31 March 2023 and 2022.

## 11. TRADE AND OTHER RECEIVABLES

	Note	2023 HK\$'000	2022 HK\$'000
<b>Trade receivables</b>			
From third parties		11,479	20,533
Less: Loss allowance		<u>(4,575)</u>	<u>(4,665)</u>
Trade receivables, net	(a)	<u>6,904</u>	<u>15,868</u>
<b>Other receivables</b>			
Prepayment and deposits		1,273	2,114
Other receivables		<u>107</u>	<u>108</u>
		<u>1,380</u>	<u>2,222</u>
Total trade and other receivables		<u><u>8,284</u></u>	<u><u>18,090</u></u>

Note:

- (a) The Group generally allows a credit period within 30 (2022: 30) days to its trade customers. Application for progress payments on projects are made on regular basis. The Group does not hold any collateral over these balances.

The following is an ageing analysis of trade receivables, net of loss allowance, presented based on the earlier of invoice date or revenue recognition date:

	2023 HK\$'000	2022 HK\$'000
Less than 1 month	1,036	3,650
1 month to 3 months	822	9,726
4 months to 6 months	1,874	1,196
More than 6 months but less than one year	<u>3,172</u>	<u>1,296</u>
	<u><u>6,904</u></u>	<u><u>15,868</u></u>

Movements in loss allowance for impairment of trade receivables are as follows:

	2023 HK\$'000	2022 HK\$'000
At beginning of the reporting period	4,665	7,398
Amount written off	(241)	(3,191)
Loss allowance on trade receivables	441	316
Exchange realignment	<u>(290)</u>	<u>142</u>
At the end of the reporting period	<u><u>4,575</u></u>	<u><u>4,665</u></u>

Trade receivables of HK\$241,000 (2022: HK\$3,191,000) written off during the year are still subject to enforcement activity.

## 12. TRADE AND OTHER PAYABLES

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Trade payables</b>	<i>(a)</i>	<b>6,026</b>	6,765
<b>Other payables</b>			
Provision of warranties		774	655
Staff cost payables		1,534	3,583
Other tax payables		250	1,694
Other payables and accruals		804	1,085
		<b>3,362</b>	7,017
Total trade and other payables		<b>9,388</b>	13,782
Less: Non-current portion			
Provision of warranties		(124)	(129)
Current portion		<b>9,264</b>	13,653

*Note:*

- (a) The credit period of trade payables is normally within 30 (2022: 30) days. The ageing analysis of the trade payables based on invoice date is as follows:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current or less than 1 month	854	1,259
1 month to 3 months	697	2,504
4 months to 6 months	2,069	1,411
7 months to 12 months	2,102	1,296
More than one year	304	295
	<b>6,026</b>	6,765

## 13. SHARE CAPITAL

	<b>2023</b>		2022	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
<b>Authorised:</b>				
Ordinary shares of HK\$0.001 each	<b>10,000,000,000</b>	<b>10,000</b>	10,000,000,000	10,000
<b>Issued and fully paid:</b>				
At 1 April and 31 March	<b>1,000,000,000</b>	<b>1,000</b>	1,000,000,000	1,000

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in provision of LED lighting fixtures and integrated LED lighting solution services for retail stores of world-renowned luxury brands mainly in the Asia market.

For the year ended 31 March 2023, the Group recorded revenue of approximately HK\$73.4 million and profit attributable to owners of the Company of approximately HK\$6.1 million, as compared to revenue of approximately HK\$78.9 million and profit attributable to owners of the Company of approximately HK\$11.4 million for the year ended 31 March 2022. The Group considers the decrease in revenue was mainly caused by the decrease in revenue from sales of LED lighting fixtures. As for the decrease in profit attributable to owners of the Company, it was mainly due to the decrease in gross profit for the year ended 31 March 2023.

The following table sets forth the details of the Group's revenue sources:

Revenue sources	For the year ended 31 March			
	2023		2022	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
Sales of LED lighting fixtures	44.2	60.2	49.3	62.5
Integrated LED lighting solution services	20.0	27.2	20.8	26.4
LED lighting system consultation and maintenance services	5.5	7.5	7.7	9.7
Sales of visual-audio systems	0.7	1.0	0.6	0.8
Sales of 3D printing materials and provision for 3D printing services	3.0	4.1	0.5	0.6
	<u>73.4</u>	<u>100.0</u>	<u>78.9</u>	<u>100.0</u>

#### Sales of LED lighting fixtures

Our revenue generated from sales of LED lighting fixtures has decreased from approximately HK\$49.3 million for the year ended 31 March 2022 to approximately HK\$44.2 million for the year ended 31 March 2023, representing a decrease of approximately 10.3% in this segment. The decrease was mainly due to the customers decreasing the budget in their projects for new retail stores in the PRC.

#### Integrated LED lighting solution services

Our revenue generated from integrated LED lighting solution services has decreased from approximately HK\$20.8 million for the year ended 31 March 2022 to approximately HK\$20.0 million for the year ended 31 March 2023, representing a decrease of approximately 3.8%. The amount has remained stable during the year.

## **LED lighting system consultation and maintenance services**

Our revenue generated from LED lighting system consultation and maintenance services has decreased from approximately HK\$7.7 million for the year ended 31 March 2022 to approximately HK\$5.5 million for the year ended 31 March 2023, representing a decrease of approximately 28.6%. The decrease was mainly due to the decrease in maintenance services requested by the customers during the year.

## **Sales of visual-audio systems**

Our sales of visual-audio systems has increased from approximately HK\$0.6 million for the year ended 31 March 2022 to approximately HK\$0.7 million for the year ended 31 March 2023. The amount has remained stable during the year.

## **Sales of 3D printing materials and provision for 3D printing services**

Our sales of 3D printing materials and provision for 3D printing services has increased from approximately HK\$0.5 million for the year ended 31 March 2022 to approximately HK\$3.0 million for the year ended 31 March 2023. The increase was mainly due to the increase of the market shares in the 3D printing industry.

## **FINANCIAL REVIEW**

### **Revenue**

Our revenue decreased from approximately HK\$78.9 million for the year ended 31 March 2022 by approximately HK\$5.5 million or 7.0%, to approximately HK\$73.4 million for the year ended 31 March 2023. The decrease was mainly due to the decrease in revenue from sales of LED lighting fixtures.

### **Cost of Sales**

Our cost of sales increased from approximately HK\$37.8 million for the year ended 31 March 2022 by approximately HK\$1.6 million or 4.2%, to approximately HK\$39.4 million for the year ended 31 March 2023. The increase was mainly due to the increase in raw material cost, labour cost and overhead cost involved in the projects.

### **Gross Profit**

With the impact from the above factors, the gross profit decreased from approximately HK\$41.1 million for the year ended 31 March 2022 by approximately HK\$7.1 million or 17.3%, to approximately HK\$34.0 million for the year ended 31 March 2023. Besides, the gross profit margin decrease from approximately 52.1% for the year ended 31 March 2022 by approximately 5.8%, to approximately 46.3% for the year ended 31 March 2023.

## **Other Income and Other Gains and Losses, Net**

Our other income and other gains and losses increased from approximately HK\$0.9 million for the year ended 31 March 2022 by approximately HK\$0.2 million or 22.2% to approximately HK\$1.1 million for the year ended 31 March 2023. The increase was mainly due to the combined effects of the increase in government subsidies of approximately HK\$0.9 million and interest income of approximately HK\$0.3 million and the decrease in exchange difference of approximately HK\$1.0 million.

## **Administrative Expenses**

Administrative expenses decreased from approximately HK\$28.0 million for the year ended 31 March 2022 by approximately HK\$0.8 million or 2.9%, to approximately HK\$27.2 million for the year ended 31 March 2023. The decrease in administrative expenses was mainly due to the combined effects of the increase in research and development expenses of approximately HK\$0.4 million and the decrease in salaries and allowance and sales commission of approximately HK\$1.8 million for the year ended 31 March 2023.

## **Loss Allowance on Trade Receivables**

The provision of loss allowance of approximately HK\$0.4 million (2022: approximately HK\$0.3 million) was recognised for the year ended 31 March 2023.

## **Finance Costs**

Finance costs representing the interest on lease liabilities in relation to various office premises, manufacturing centre, staff accommodation and a shop were approximately HK\$0.2 million (2022: approximately HK\$0.1 million) for the year ended 31 March 2023. The amount has remained stable during the year.

## **Income Tax Expense**

Profit before income tax expenses has decreased from approximately HK\$13.5 million for the year ended 31 March 2022 by approximately HK\$6.3 million or 46.7%, to approximately HK\$7.2 million for the year ended 31 March 2023 due to the decrease in gross profit for the year ended 31 March 2023. The income tax expenses decreased from approximately HK\$2.2 million for the year ended 31 March 2022 by approximately HK\$1.1 million or 50.0%, to approximately HK\$1.1 million for the year ended 31 March 2023. The decrease in income tax expense was mainly due to decrease in profit before income tax expenses during the year.

## **Profit for the year**

The Group recorded a profit of approximately HK\$6.1 million attributable to owners of the Company for the year ended 31 March 2023 compared to the profit of approximately HK\$11.4 million attributable to owners of the Company for the year ended 31 March 2022. The decrease in profit was mainly due to the decrease in revenue and gross profit during the year.



## DIVIDEND

The Board did not recommend the payment of a final dividend (2022: HK\$0.004 per ordinary share) for the year ended 31 March 2023.

## LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations primarily through cash generated from operating activities. As at 31 March 2023, the Group did not have any bank borrowings.

### Liquidity ratios

	2023	2022
Current ratio	3.1	3.8
Quick ratio	2.8	3.5

Current ratio: The current ratio is calculated by dividing current assets with current liabilities as at the end of the respective year.

Quick ratio: The quick ratio is calculated by dividing current assets minus inventories with current liabilities as at the end of the respective year.

The decrease in both current ratio and quick ratio was mainly due to payment of dividend during the year.

### Cash and bank balances

As at 31 March 2023, the currency denomination of the Group's cash and bank balances and fixed time deposits are as follows:

Currency denomination	2023 <i>HK\$ million</i>	2022 <i>HK\$ million</i>
Denominated in:		
HKD	59.4	35.9
RMB	17.3	25.9
EUR	_(1)	_(1)
USD	3.3	3.2
	<u>80.0</u>	<u>65.0</u>

(1) Represents amount less than HK\$2,000.

## **Net current assets**

As at 31 March 2023, the Group had net current assets of approximately HK\$67.5 million (2022: approximately HK\$66.1 million).

## **Total equity**

The equity of the Group mainly comprises share capital, share premium and reserves. The Group's total equity attributable to owners of the Company amounted to approximately HK\$76.4 million (2022: approximately HK\$75.3 million).

## **CAPITAL STRUCTURE**

There has been no change in the capital structure of the Group during the year ended 31 March 2023 and up to the date of this announcement.

## **TREASURY POLICY**

The Group has adopted a conservative approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

## **FOREIGN EXCHANGE EXPOSURE**

Majority of the Group's business operations were conducted in Hong Kong and the PRC. The sales of the Group are denominated in Hong Kong dollars and Renminbi, which are the functional currencies. The purchases of the Group are denominated in Renminbi, Hong Kong dollars and United States dollars. During the year, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates.

The Group did not enter in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year.

## **PLEDGE OF ASSETS**

As at 31 March 2023, the Group did not pledge any of its assets (2022: nil).

## **CONTINGENT LIABILITIES**

As at 31 March 2023, the Group did not have any contingent liabilities (2022: nil).

## **CAPITAL EXPENDITURE**

During the year, the Group acquired items of property, plant and equipment of approximately HK\$488,000 (2022: approximately HK\$4,168,000) and did not acquire any intangible assets (2022: approximately HK\$23,000).

## **CAPITAL COMMITMENT**

As at 31 March 2023, the Group had capital commitment of approximately HK\$0.4 million (2022: approximately HK\$0.8 million).

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 March 2023, including our executive Directors, the Group had a total of 63 (as at 31 March 2022: 66) employees, of which 35 employees were in Hong Kong and 28 employees were in the PRC.

Human resources are vital to our business. Taking into account external competitiveness and internal fairness within the Group, the Group regularly reviews its remuneration plan in accordance with the employees' experience, responsibilities and performance, etc. to ensure that remuneration is in line with market competitiveness. The Group is committed to providing fair market remuneration in form and value to attract, retain and motivate high quality employees. The Group operates the following retirement schemes for its employees:

- (1) a defined scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for those employees in Hong Kong who are eligible to participate; and
- (2) a “five social insurance and one housing fund” retirement pension scheme in accordance with the Retirement Policy of the Chinese Government for those employees in the PRC.

Furthermore, the Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 22 December 2017 so as to motivate, attract and retain the right employees.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

The Group did not have any significant investment as at 31 March 2023 (2022: nil). The Group did not have any material acquisition and disposal of subsidiary or affiliated company during the year ended 31 March 2023 (2022: nil).

## USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING (THE “IPO”) AND COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

Up to 31 March 2023, we utilised the net proceeds raised from the IPO in accordance with the designated uses set out in the prospectus issued by the Company on 11 January 2018 (the “Prospectus”), the supplemental announcement of the Company issued on 24 August 2020, the change in use of proceeds announcement of the Company issued on 3 December 2021 (the “Change in Use of Proceeds Announcement”) and the interim report for the six month ended 30 September 2022 dated 9 November 2022 (the “Interim Report”) as follows:

Description	Amount designated in the Prospectus (as adjusted based on the actual net proceeds raised) <i>HK\$' million</i>	Reallocation as stated in the Change in Use of Proceeds Announcement and the Interim Report <i>HK\$' million</i>	Utilised amount as at 31 March 2023 <i>HK\$' million</i>	Unutilised amount as at 31 March 2023 <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	Nil	2.0	Nil	N/A
– Operating expense including staff costs	3.9	Nil	3.9	Nil	N/A
– Purchasing computer numeric control machines, 3D printer and testing equipment	3.7	Nil	3.7	Nil	N/A
– Capital expenditure including renovation and purchasing furniture and equipment	1.0	Nil	1.0	Nil	N/A
<b>Subtotal</b>	<b>10.6</b>	<b>Nil</b>	<b>10.6</b>	<b>Nil</b>	
<b>Recruiting high calibre staff</b>	4.3	Nil	4.3	Nil	N/A
<b>Pursuing suitable acquisitions</b>	13.0	(13.0)	Nil	Nil	N/A
<b>Enhancing our ERP system</b>	3.7	Nil	3.7	Nil	N/A
<b>Purchasing Industrial PolyJet 3D Printer</b>	N/A	3.0	3.0	Nil	N/A
<b>Expanding 3D printing facilities and operating a 3D printing solution workshop</b>	N/A	10.0	4.6	5.4	31 March 2024
<b>Expanding and upgrading the infrastructure of our workshop and office</b>	1.9	Nil	1.9	Nil	N/A
<b>Working capital and general corporate purpose</b>	1.2	Nil	1.2	Nil	N/A
<b>Total</b>	<b>34.7</b>	<b>Nil</b>	<b>29.3</b>	<b>5.4</b>	

Save as disclosed above, the Group has applied the net proceeds according to plans as previously disclosed, and the remaining amount of the unutilised net proceeds are expected to be utilised in the same manner as disclosed in the Prospectus, the Change in Use of Proceeds Announcement and the Interim Report.

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 and the unstable geopolitical environment 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 are any material changes.

## **EVENTS AFTER REPORTING PERIOD**

The Group does not have any significant events after the reporting period and up to the date of this announcement.

## **FUTURE DEVELOPMENT AND OUTLOOK**

The Group will continue its efforts to be one of the leading LED lighting solutions providers in Asia. During the year 2022/23, approximately 69.0% of our sales originates from the PRC and we believe that the domestic demand from luxury renowned brands will 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.

Looking ahead, we believe that the recovery brought about by the resumption of cross-border travel will certainly drive the economy growth again, however, there is still uncertainty and with new challenges. We will continue to focus on strengthening our core businesses, and at the same time explore for new business opportunities.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has applied the principles as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 of the GEM Listing Rules throughout the year ended 31 March 2023 and up to the date of this announcement. During the year ended 31 March 2023, the Directors considered that the Company has complied with the CG Code except for the deviations from code provision C.2.1 of the CG code, the details of which are set out below.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with Rules 5.46 to 5.67 of the GEM Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding Directors' securities transactions adopted by the Company during the year ended 31 March 2023.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

The Directors confirm that during the year ended 31 March 2023 and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **SHARE OPTION SCHEME**

On 22 December 2017, the Share Option Scheme was approved and conditionally adopted by the then shareholders of the Company by way of written resolutions.

No share options have been granted by the Company under the Share Option Scheme since its adoption.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, there is a sufficient public float of at least 25% of the issued Shares as required under the GEM Listing Rules.

## **AUDIT COMMITTEE**

The Company established an Audit Committee pursuant to a resolution of our Directors passed on 22 December 2017 in compliance with Rule 5.28 to 5.33 of the GEM Listing Rules. Written terms of reference in compliance with code provision D.3 of the CG Code as set out in Appendix 15 to the GEM Listing Rules has been adopted. The primary duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting system, the risk management and internal control systems, effectiveness of the internal audit function, scope of audit and relationship with external independent auditor, and arrangements that enable employees of the Company to raise concerns, in confidence, about possible improprieties in financial reporting, internal control or other matters of the Company and performing the Company's corporate governance functions.

As at the date of this announcement, the Audit Committee of our Company consists of three members who are Mr. Li Chun Hung, Mr. Ha Yiu Wing and Dr. Wilson Lee. Mr. Li Chun Hung is the chairman of the Audit Committee.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 March 2023.

## **SCOPE OF WORK OF MAZARS CPA LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

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

Hong Kong, 21 June 2023

*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 Listed Company Information" page on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) 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).*