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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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 MARCH 2024**

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 2024, 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 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenue	5	85,617	73,384
Cost of sales		<u>(37,084)</u>	<u>(39,376)</u>
Gross profit		48,533	34,008
Other income		2,201	1,472
Other gains and losses, net		(226)	(357)
Administrative expenses		(30,714)	(27,208)
Loss allowance on trade receivables	11(a)	<u>(1,712)</u>	<u>(441)</u>
Profit from operation		18,082	7,474
Finance costs	6(a)	<u>(134)</u>	<u>(226)</u>
Profit before income tax expenses	6	17,948	7,248
Income tax expenses	8	<u>(2,493)</u>	<u>(1,122)</u>
Profit attributable to owners of the Company		<u>15,455</u>	<u>6,126</u>
Other comprehensive loss:			
<i>Item that is or may be reclassified to profit or loss:</i>			
Exchange difference on translating foreign operations		<u>(693)</u>	<u>(1,019)</u>
Other comprehensive loss for the year		<u>(693)</u>	<u>(1,019)</u>
Total comprehensive income for the year attributable to owners of the Company		<u>14,762</u>	<u>5,107</u>
		<i>HK cent</i>	<i>HK cent</i>
Earnings per share			
Basic and diluted	10	<u>1.55</u>	<u>0.61</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		8,446	6,720
Intangible assets		125	239
Right-of-use assets		1,483	4,141
		10,054	11,100
Current assets			
Inventories		6,810	11,225
Trade and other receivables	<i>11</i>	7,347	8,284
Cash and bank balances		91,756	79,967
		105,913	99,476
Current liabilities			
Trade and other payables	<i>12</i>	11,110	9,264
Contract liabilities		10,186	18,786
Lease liabilities		1,222	2,807
Tax payables		1,334	1,115
		23,852	31,972
Net current assets		82,061	67,504
Total assets less current liabilities		92,115	78,604
Non-current liabilities			
Other payables	<i>12</i>	179	124
Contract liabilities		67	182
Deferred tax liabilities		367	449
Lease liabilities		323	1,432
		936	2,187
NET ASSETS		91,179	76,417
Capital and reserves			
Share capital	<i>13</i>	1,000	1,000
Reserves		90,179	75,417
TOTAL EQUITY		91,179	76,417

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 March 2024

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 1: Disclosure of Accounting Policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

Amendments to HKAS 8: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

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

Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

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

Amendments to HKAS 12: International Tax Reform – Pillar Two Model Rules

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s Pillar Two model rules. The Amendments also introduce targeted disclosure requirements to help investors understand an entity’s exposure to income taxes arising from the rules.

The adoption of the amendments 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	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ 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 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 Hong Kong Dollar (“**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	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
Hong Kong (place of domicile)	8,159	9,973	7,482	7,484
The PRC	61,967	50,863	2,572	3,616
Asia (excluding Hong Kong and the PRC)	14,714	10,150	–	–
Europe	–	177	–	–
Others	777	2,221	–	–
	<u>85,617</u>	<u>73,384</u>	<u>10,054</u>	<u>11,100</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:

	2024 HK\$'000	2023 HK\$'000
Customer A	N/A	7,877
Customer B	16,335	N/A
Customer C	8,647	N/A
	<u>8,647</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 2024 (2023: The revenue from Customer B and Customer C were less than 10% of the revenue of the Group for the year ended 31 March 2023).

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	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical markets												
- Hong Kong (place of domicile)	-	-	2,066	3,797	601	652	3,382	2,659	2,110	2,865	8,159	9,973
- The PRC	28,818	19,987	32,275	28,746	-	-	874	2,130	-	-	61,967	50,863
- Asia (excluding Hong Kong and the PRC)	-	-	14,451	9,416	-	-	263	734	-	-	14,714	10,150
- Europe	-	-	-	177	-	-	-	-	-	-	-	177
- Others	-	-	709	2,047	-	-	68	48	-	126	777	2,221
	<u>28,818</u>	<u>19,987</u>	<u>49,501</u>	<u>44,183</u>	<u>601</u>	<u>652</u>	<u>4,587</u>	<u>5,571</u>	<u>2,110</u>	<u>2,991</u>	<u>85,617</u>	<u>73,384</u>
Timing of revenue recognition												
- At a point in time	-	-	49,501	44,183	601	652	-	-	2,110	2,991	52,212	47,826
- Over time	28,818	19,987	-	-	-	-	4,587	5,571	-	-	33,405	25,558
	<u>28,818</u>	<u>19,987</u>	<u>49,501</u>	<u>44,183</u>	<u>601</u>	<u>652</u>	<u>4,587</u>	<u>5,571</u>	<u>2,110</u>	<u>2,991</u>	<u>85,617</u>	<u>73,384</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:

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15		
<i>Revenue – at point in time</i>		
Sales of LED lighting fixtures	49,501	44,183
Sales of visual-audio systems	601	652
Sales of 3D printing materials and provision for 3D printing services	2,110	2,991
<i>Revenue – over time</i>		
LED lighting system consultation and maintenance services	4,587	5,571
Integrated LED lighting solution service	28,818	19,987
	<u>85,617</u>	<u>73,384</u>

6. PROFIT BEFORE INCOME TAX EXPENSES

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(a) Finance costs		
Interest on lease liabilities	<u>134</u>	<u>226</u>
(b) Other items		
Costs of inventories recognised as expenses	29,368	31,259
Amortisation of intangible assets	111	144
Auditor's remuneration	610	610
Depreciation of property, plant and equipment	2,106	2,114
Depreciation of right-of-use assets	2,747	2,782
Loss on disposal of property, plant and equipment	–	4
Leases expenses of other premises under short term leases	<u>139</u>	<u>48</u>

7. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fees, wages, salaries and allowances	24,287	24,343
Post-employment benefits – payment to defined contribution retirement plan	<u>888</u>	<u>847</u>
	<u>25,175</u>	<u>25,190</u>

Employee benefit expenses included an amount of HK\$6,611,000 (2023: HK\$6,809,000) charged to “cost of sales” as labour costs for the year ended 31 March 2024.

No forfeited contributions were available for the years ended 31 March 2024 and 2023 to reduce the employer's contributions. There were no forfeited contributions as at 31 March 2024 (2023: HK\$Nil).

8. INCOME TAX EXPENSE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax		
– Current year	1,053	1,092
– Over provision in respect of prior years	(152)	(10)
	<u> </u>	<u> </u>
PRC enterprise income tax (“EIT”)		
– Current year	1,656	168
– Over provision in respect of prior years	(4)	(78)
	<u> </u>	<u> </u>
	<u>2,553</u>	<u>1,172</u>
Deferred tax		
Origination and reversal of temporary differences	(60)	(50)
	<u> </u>	<u> </u>
Income tax expense	<u>2,493</u>	<u>1,122</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 2024, Bluelite Illumination (Zhongshan) Limited, a subsidiary of the Company, meets the criteria of Micro-enterprise. Pursuant to the Announcement of Ministry of Finance and the State Administration of Taxation No. 13 of 2022 and the Announcement of Ministry of Finance and the State Administration of Taxation No. 6 of 2023, Micro-enterprise could enjoy an EIT at 20% on the assessable profits below RMB3,000,000 after reduction of 75% of assessable profits (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), 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 12.5% 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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Attributable to previous years, approved and paid during the year:		
Final dividend of HK\$Nil (2023: 2022 final dividend of HK\$0.004) per share	<u>–</u>	<u>4,000</u>

No dividend has been declared by the Company during the years ended 31 March 2024 and 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Numerator		
Profit attributable to owners of the Company	<u>15,455</u>	<u>6,126</u>
	<i>'000 shares</i>	<i>'000 shares</i>
Denominator		
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>1.55</u>	<u>0.61</u>

(b) Diluted

Diluted earnings per share is same as basic earnings per share as there were no potential dilutive ordinary shares for the years ended 31 March 2024 and 2023.

11. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Trade receivables			
From third parties		10,711	11,479
Less: Loss allowance		(5,899)	(4,575)
		<hr/>	<hr/>
Trade receivables, net	<i>(a)</i>	4,812	6,904
		<hr/>	<hr/>
Other receivables			
Prepayment and deposits		1,740	1,273
Interest receivables		246	–
Other tax receivables		466	–
Other receivables		83	107
		<hr/>	<hr/>
		2,535	1,380
		<hr/>	<hr/>
Total trade and other receivables		7,347	8,284
		<hr/> <hr/>	<hr/> <hr/>

Note:

- (a) The Group generally allows a credit period within 30 (2023: 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:

	2024 HK\$'000	2023 HK\$'000
Less than 1 month	303	1,036
1 month to 3 months	839	822
4 months to 6 months	2,846	1,874
More than 6 months but less than one year	824	3,172
	<hr/>	<hr/>
	4,812	6,904
	<hr/> <hr/>	<hr/> <hr/>

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

	2024 HK\$'000	2023 HK\$'000
At beginning of the reporting period	4,575	4,665
Amount written off	(199)	(241)
Loss allowance on trade receivables	1,712	441
Exchange realignment	(189)	(290)
	<hr/>	<hr/>
At the end of the reporting period	5,899	4,575
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables of HK\$199,000 (2023: HK\$241,000) written off during the year are still subject to enforcement activity.

12. TRADE AND OTHER PAYABLES

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	<i>(a)</i>	<u>7,283</u>	<u>6,026</u>
Other payables			
Provision of warranties		954	774
Staff cost payables		1,844	1,534
Other tax payables		352	250
Other payables and accruals		<u>856</u>	<u>804</u>
		<u>4,006</u>	<u>3,362</u>
Total trade and other payables		<u>11,289</u>	<u>9,388</u>
Less: Non-current portion			
Provision of warranties		<u>(179)</u>	<u>(124)</u>
Current portion		<u>11,110</u>	<u>9,264</u>

Note:

- (a) The credit period of trade payables is normally within 30 (2023: 30) days. The ageing analysis of the trade payables based on invoice date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current or less than 1 month	2,570	854
1 month to 3 months	971	697
4 months to 6 months	1,865	2,069
7 months to 12 months	1,438	2,102
More than one year	<u>439</u>	<u>304</u>
	<u>7,283</u>	<u>6,026</u>

13. SHARE CAPITAL

	2024		2023	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:				
Ordinary shares of HK\$0.001 each	<u>10,000,000,000</u>	<u>10,000</u>	<u>10,000,000,000</u>	<u>10,000</u>
Issued and fully paid:				
At 1 April and 31 March	<u>1,000,000,000</u>	<u>1,000</u>	<u>1,000,000,000</u>	<u>1,000</u>

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 2024, the Group recorded revenue of approximately HK\$85.6 million and profit attributable to owners of the Company of approximately HK\$15.5 million, as compared to revenue of approximately HK\$73.4 million and profit attributable to owners of the Company of approximately HK\$6.1 million for the year ended 31 March 2023. The Group considers the increase in revenue was mainly caused by the increase in revenue generated from sales of LED lighting fixtures and integrated LED lighting solution services. As for the increase in profit attributable to owners of the Company, it was mainly due to the increase in gross profit for the year ended 31 March 2024.

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

Revenue sources	For the year ended 31 March			
	2024		2023	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
Sales of LED lighting fixtures	49.5	57.8	44.2	60.2
Integrated LED lighting solution services	28.8	33.6	20.0	27.2
LED lighting system consultation and maintenance services	4.6	5.4	5.5	7.5
Sales of visual-audio systems	0.6	0.7	0.7	1.0
Sales of 3D printing materials and provision for 3D printing services	2.1	2.5	3.0	4.1
	85.6	100.0	73.4	100.0

Sales of LED lighting fixtures

Our revenue generated from sales of LED lighting fixtures has increased from approximately HK\$44.2 million for the year ended 31 March 2023 to approximately HK\$49.5 million for the year ended 31 March 2024, representing an increase of approximately 12.0% in this segment. The increase was mainly due to the customers increasing 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 increased from approximately HK\$20.0 million for the year ended 31 March 2023 to approximately HK\$28.8 million for the year ended 31 March 2024, representing an increase of approximately 44.0%. The increase was mainly due to the increase in the contract sum of projects involved 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\$5.5 million for the year ended 31 March 2023 to approximately HK\$4.6 million for the year ended 31 March 2024, representing a decrease of approximately 16.4%. 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 decreased from approximately HK\$0.7 million for the year ended 31 March 2023 to approximately HK\$0.6 million for the year ended 31 March 2024. 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 decreased from approximately HK\$3.0 million for the year ended 31 March 2023 to approximately HK\$2.1 million for the year ended 31 March 2024. The decrease was mainly due to the decrease in the demand of 3D printer during the year.

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK\$73.4 million for the year ended 31 March 2023 by approximately HK\$12.2 million or 16.6%, to approximately HK\$85.6 million for the year ended 31 March 2024. The increase was mainly due to the increase in revenue generated from sales of LED lighting fixtures and integrated LED lighting solution services.

Cost of Sales

Our cost of sales decreased from approximately HK\$39.4 million for the year ended 31 March 2023 by approximately HK\$2.3 million or 5.8%, to approximately HK\$37.1 million for the year ended 31 March 2024. The decrease was mainly due to the decrease 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 increased from approximately HK\$34.0 million for the year ended 31 March 2023 by approximately HK\$14.5 million or 42.6%, to approximately HK\$48.5 million for the year ended 31 March 2024. Besides, the gross profit margin increase from approximately 46.3% for the year ended 31 March 2023 by approximately 10.4%, to approximately 56.7% for the year ended 31 March 2024.

Other Income and Other Gains and Losses, Net

Our other income and other gains and losses increased from approximately HK\$1.1 million for the year ended 31 March 2023 by approximately HK\$0.9 million or 81.8% to approximately HK\$2.0 million for the year ended 31 March 2024. The increase was mainly due to the combined effects of the increase in interest income of approximately HK\$1.6 million and the decrease in government subsidy of approximately HK\$0.9 million.

Administrative Expenses

Administrative expenses increased from approximately HK\$27.2 million for the year ended 31 March 2023 by approximately HK\$3.5 million or 12.9%, to approximately HK\$30.7 million for the year ended 31 March 2024. The increase in administrative expenses was mainly due to the combined effects of the increase in license fee expenses of approximately HK\$1.4 million and the increase in overseas travelling of approximately HK\$0.7 million for the year ended 31 March 2024.

Loss Allowance on Trade Receivables

The provision of loss allowance of approximately HK\$1.7 million (2023: approximately HK\$0.4 million) was recognised for the year ended 31 March 2024.

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\$0.1 million (2023: approximately HK\$0.2 million) for the year ended 31 March 2024. The amount was remained stable during the year.

Income Tax Expense

Profit before income tax expenses has increased from approximately HK\$7.2 million for the year ended 31 March 2023 by approximately HK\$10.7 million or 148.6%, to approximately HK\$17.9 million for the year ended 31 March 2024 due to the increase in gross profit for the year ended 31 March 2024. The income tax expenses increased from approximately HK\$1.1 million for the year ended 31 March 2023 by approximately HK\$1.4 million or 127.3%, to approximately HK\$2.5 million for the year ended 31 March 2024. The increase in income tax expense was mainly due to the increase in assessable profit during the year.

Profit for the year

The Group recorded a profit of approximately HK\$15.5 million attributable to owners of the Company for the year ended 31 March 2024 compared to the profit of approximately HK\$6.1 million attributable to owners of the Company for the year ended 31 March 2023. The increase in profit was mainly due to the increase in revenue and gross profit during the year.

DIVIDEND

The Board did not recommend the payment of a final dividend (2023: HK\$Nil) for the year ended 31 March 2024. There is no arrangement that a shareholder has waived or agreed to waive any dividend.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations primarily through cash generated from operating activities. As at 31 March 2024, the Group did not have any bank borrowings.

Liquidity ratios

	2024	2023
Current ratio	4.4	3.1
Quick ratio	4.2	2.8

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 increase in both current ratio and quick ratio were mainly due to increase in cash and bank balances during the year.

Cash and bank balances

As at 31 March 2024, the currency denomination of the Group's cash and bank balances and time deposits at bank are as follows:

Currency denomination	2024 <i>HK\$ million</i>	2023 <i>HK\$ million</i>
Denominated in:		
HK\$	61.8	59.4
RMB	26.7	17.3
EUR	–⁽¹⁾	–⁽¹⁾
USD	3.3	3.3
	91.8	80.0

(1) Represents amount less than HK\$3,000.

Net current assets

As at 31 March 2024, the Group had net current assets of approximately HK\$82.1 million (2023: approximately HK\$67.5 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\$91.2 million (2023: approximately HK\$76.4 million).

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the year ended 31 March 2024 and up to the date of this announcement.

GEARING RATIO

As at 31 March 2024, the gearing ratio of the Group, which is calculated as the ratio of total borrowings to total equity, was Nil (2023: Nil).

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 ended 31 March 2024, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates. As a result, the Group does not currently engage in hedging activities to manage potential exchange rate risk. However, the management will continue to monitor the potential exposure to exchange rate risk and will take appropriate measures as it deems prudent.

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 2024, the Group did not pledge nor charge on any of its assets (2023: HK\$Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group did not have any plans for material investment and acquisition of material capital assets as at 31 March 2024.

CONTINGENT LIABILITIES

As at 31 March 2024, the Group did not have any contingent liabilities (2023: HK\$Nil).

CAPITAL EXPENDITURE

During the year, the Group acquired items of property, plant and equipment of approximately HK\$4.0 million (2023: approximately HK\$0.5 million) and did not acquire any intangible assets (2023: HK\$Nil).

CAPITAL COMMITMENT

As at 31 March 2024, the Group had capital commitment of approximately HK\$0.1 million (2023: approximately HK\$0.4 million).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2024, including our executive Directors, the Group had a total of 66 (as at 31 March 2023: 63) employees, of which 34 employees were in Hong Kong and 32 employees were in the PRC. The total employee benefit expenses for the year ended 31 March 2024, including Directors' remuneration, allowances and payment to the defined contribution retirement plan, approximately HK\$25.2 million (2023: approximately HK\$25.2 million).

Human resources are vital to our business. The remuneration package for the Group's employees includes salaries, commission, bonus and allowances which is determined with reference to the market term, qualification and experience of individual employee. 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, and provides on-site trainings to existing employees to update their knowledge and skills 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 2024 (2023: HK\$Nil). The Group did not have any material acquisition and disposal of subsidiary or affiliated company during the year ended 31 March 2024 (2023: HK\$Nil).

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

Up to 31 March 2024, 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 2024 <i>HK\$' million</i>	Unutilised amount as at 31 March 2024 <i>HK\$' million</i>	Expected date to fully utilise the unutilised amount
Setting up a factory					
– 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
Subtotal	10.6	Nil	10.6	Nil	
Recruiting high calibre staff	4.3	Nil	4.3	Nil	N/A
Pursuing suitable acquisitions	13.0	(13.0)	Nil	Nil	N/A
Enhancing our ERP system	3.7	Nil	3.7	Nil	N/A
Purchasing Industrial PolyJet 3D Printer	N/A	3.0	3.0	Nil	N/A
Expanding 3D printing facilities and operating a 3D printing solution workshop	N/A	10.0	7.9	2.1	31 March 2025 (Note 1)
Expanding and upgrading the infrastructure of our workshop and office	1.9	Nil	1.9	Nil	N/A
Working capital and general corporate purpose	1.2	Nil	1.2	Nil	N/A
Total	34.7	Nil	32.6	2.1	

Note 1: The expected date to fully utilise the unutilised amount has been extended from 31 March 2024 to 31 March 2025.

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.

As at 31 March 2023, approximately HK\$29.3 million out of the net proceeds raised from the IPO had been used. The unused net proceeds have been deposited in licensed banks.

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, the expected date to fully utilise the unutilised amount has been extended from 31 March 2024 to 31 March 2025 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 2023/24, approximately 72.4% of our sales originates from the PRC and we believe that the domestic demand from luxury renowned brands will remain 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 C1 of the GEM Listing Rules throughout the year ended 31 March 2024 and up to the date of this announcement. During the year ended 31 March 2024, 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.

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman and the Chief Executive Officer (“CEO”) should be segregated and should not be performed by the same individual. However, in view of Mr. Tam Yat Ming Andrew, being the founder of the Group, with his experience and roles performed 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 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 power by the Board and the effective functions of the independent non-executive Directors. The Company will continue to review its corporate governance practices from time to time to ensure compliance with the statutory requirements, regulations and the CG Code and alignment with the latest developments.

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 5.48 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 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

The Directors confirm that during the year ended 31 March 2024 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 C1 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 2024.

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 2024 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 2024

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 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.