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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 2022

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 2022, 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

For the year ended 31 March 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	<i>5</i>	78,904	55,648
Cost of sales		<u>(37,828)</u>	<u>(27,312)</u>
Gross profit		41,076	28,336
Other income		309	2,871
Other gains and losses, net		611	(35)
Administrative expenses		(28,011)	(23,878)
Loss allowance on trade receivables	<i>11(a)</i>	<u>(316)</u>	<u>(741)</u>
Profit from operation		13,669	6,553
Finance costs	<i>6(a)</i>	<u>(130)</u>	<u>(176)</u>
Profit before income tax expenses	<i>6</i>	13,539	6,377
Income tax expenses	<i>8</i>	<u>(2,168)</u>	<u>(948)</u>
Profit attributable to owners of the Company		<u>11,371</u>	<u>5,429</u>
Other comprehensive (loss) income:			
<i>Item that is or may be reclassified to profit or loss:</i>			
Exchange difference on translating foreign operations		<u>(74)</u>	<u>1,813</u>
Other comprehensive (loss) income for the year		<u>(74)</u>	<u>1,813</u>
Total comprehensive income for the year attributable to owners of the Company		<u>11,297</u>	<u>7,242</u>
		<i>HK cent</i>	<i>HK cent</i>
Earnings per share			
Basic and diluted	<i>10</i>	<u>1.14</u>	<u>0.54</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		8,604	7,229
Intangible assets		389	509
Right-of-use assets		2,414	2,572
		<hr/> 11,407 <hr/>	<hr/> 10,310 <hr/>
Current assets			
Inventories		6,434	3,683
Trade and other receivables	<i>11</i>	18,090	16,077
Cash and bank balances		65,024	62,874
		<hr/> 89,548 <hr/>	<hr/> 82,634 <hr/>
Current liabilities			
Trade and other payables	<i>12</i>	13,653	9,922
Contract liabilities		7,873	5,351
Lease liabilities		1,250	2,286
Tax payables		679	233
		<hr/> 23,455 <hr/>	<hr/> 17,792 <hr/>
Net current assets		<hr/> 66,093 <hr/>	<hr/> 64,842 <hr/>
Total assets less current liabilities		<hr/> 77,500 <hr/>	<hr/> 75,152 <hr/>
Non-current liabilities			
Other payables	<i>12</i>	129	110
Contract liabilities		296	30
Deferred tax liabilities		553	596
Lease liabilities		1,212	403
		<hr/> 2,190 <hr/>	<hr/> 1,139 <hr/>
NET ASSETS		<hr/> 75,310 <hr/>	<hr/> 74,013 <hr/>
Capital and reserves			
Share capital	<i>13</i>	1,000	1,000
Reserves		74,310	73,013
TOTAL EQUITY		<hr/> 75,310 <hr/>	<hr/> 74,013 <hr/>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 March 2022

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 39, HKFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows – a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting – a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and
- disclosures – a company will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

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 16	Proceeds before Intended Use ¹
Amendments to HKAS 37	Cost of Fulfilling a Contract ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Annual Improvements to HKFRSs	2018–2020 Cycle ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
HKFRS 17	Insurance Contracts ²
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information 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 2022

² Effective for annual periods beginning on or after 1 January 2023

³ The effective date to be determined

The directors of the Company do not anticipate that the adoption of the new/revised HKFRSs 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 Hong Kong dollars (“**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 (2020: principally engaged in sale of LED lighting fixtures and visual-audio system, provision of integrated LED lighting solution services, project consultancy and LED lighting system maintenance services).

Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole. The Group's resources are integrated and as a result, no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

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	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong (place of domicile)	4,613	3,465	7,838	4,757
The People's Republic of China (the "PRC")	63,327	44,052	3,569	5,553
Asia (excluding Hong Kong and the PRC)	9,830	7,439	–	–
Europe	–	227	–	–
Others	1,134	465	–	–
	<u>78,904</u>	<u>55,648</u>	<u>11,407</u>	<u>10,310</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:

	2022 HK\$'000	2021 HK\$'000
Customer A	11,101	10,414
Customer B	N/A	7,797

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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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)	-	-	1,576	1,976	568	164	1,962	1,325	507	-	4,613	3,465
- The PRC	20,782	15,662	38,057	26,896	-	-	4,488	1,494	-	-	63,327	44,052
- Asia (excluding Hong Kong and the PRC)	-	-	8,525	5,983	-	-	1,305	1,456	-	-	9,830	7,439
- Europe	-	-	-	181	-	-	-	46	-	-	-	227
- Others	-	-	1,127	465	-	-	7	-	-	-	1,134	465
	<u>20,782</u>	<u>15,662</u>	<u>49,285</u>	<u>35,501</u>	<u>568</u>	<u>164</u>	<u>7,762</u>	<u>4,321</u>	<u>507</u>	<u>-</u>	<u>78,904</u>	<u>55,648</u>
Timing of revenue recognition												
- At a point in time	-	-	49,285	35,501	568	164	-	-	507	-	50,360	35,665
- Over time	20,782	15,662	-	-	-	-	7,762	4,321	-	-	28,544	19,983
	<u>20,782</u>	<u>15,662</u>	<u>49,285</u>	<u>35,501</u>	<u>568</u>	<u>164</u>	<u>7,762</u>	<u>4,321</u>	<u>507</u>	<u>-</u>	<u>78,904</u>	<u>55,648</u>

5. 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 year are as follows:

	2022 HK\$'000	2021 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	49,285	35,501
Sales of visual-audio systems	568	164
Sales of 3D printing materials and provision for 3D printing services	507	-
<i>Revenue – over time</i>		
LED lighting system consultation and maintenance services	7,762	4,321
Integrated LED lighting solution service	20,782	15,662
	<u>78,904</u>	<u>55,648</u>

6. PROFIT BEFORE INCOME TAX EXPENSES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(a) Finance costs		
Interest on lease liabilities	<u>130</u>	<u>176</u>
(b) Other items		
Costs of inventories recognised as expenses	28,353	16,923
Auditor's remuneration	598	570
Depreciation of property, plant and equipment	2,969	2,565
Amortisation of intangible assets	145	140
Depreciation of right-of-use assets	2,679	2,147
Leases expenses of other premises under short term leases	<u>48</u>	<u>120</u>

7. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Fees, wages, salaries and allowances	25,939	22,656
Post-employment benefits – payment to defined contribution retirement plan	<u>868</u>	<u>826</u>
	<u>26,807</u>	<u>23,482</u>

Employee benefit expenses included an amount of HK\$7,369,000 (2021: HK\$7,146,000) charged to “cost of sales” as labour costs for the year ended 31 March 2022.

8. INCOME TAX EXPENSE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax		
– Current year	<u>980</u>	<u>–</u>
PRC enterprise income tax (“EIT”)		
– Current year	1,222	294
– Under (Over) provision in respect of prior years	<u>32</u>	<u>(20)</u>
	<u>2,234</u>	<u>274</u>
Withholding tax		
Withholding tax on dividend income from a PRC subsidiary	<u>–</u>	<u>1,290</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(66)</u>	<u>(616)</u>
Income tax expense	<u><u>2,168</u></u>	<u><u>948</u></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% (2021: No provision of Hong Kong Profits Tax had been made as the Group does not have assessable profit or has tax losses brought forward to set off assessable profit from Hong Kong for the year ended 31 March 2021).

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 2021, 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.

Withholding tax

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

9. DIVIDENDS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Attributable to the current year:		
Proposed final dividend of HK\$0.004 (2021: HK\$0.01) per share	<u>4,000</u>	<u>10,000</u>
Attributable to previous years, approved and paid during the year:		
Final dividend of HK\$0.01 (2021: Nil) per share	<u>10,000</u>	<u>–</u>

The final dividend for 2022 proposed after the end of the reporting period is subject to shareholders' approval at the forthcoming annual general meeting. This dividend has not been recognised as liabilities at the end of the reporting period.

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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Numerator		
Profit attributable to owners of the Company	<u>11,371</u>	<u>5,429</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>1.14</u>	<u>0.54</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 2022 and 2021.

11. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables			
From third parties		20,533	21,611
Less: Loss allowance		<u>(4,665)</u>	<u>(7,398)</u>
Trade receivables, net	(a)	<u>15,868</u>	<u>14,213</u>
Other receivables			
Prepayment and deposits		2,114	1,790
Other receivables		<u>108</u>	<u>74</u>
		<u>2,222</u>	<u>1,864</u>
Total trade and other receivables		<u><u>18,090</u></u>	<u><u>16,077</u></u>

Note:

- (a) The Group generally allows a credit period within 30 (2021: 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than 1 month	3,650	807
1 month to 3 months	9,726	11,883
4 months to 6 months	1,196	1,247
More than 6 months but less than one year	<u>1,296</u>	<u>276</u>
	<u><u>15,868</u></u>	<u><u>14,213</u></u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At beginning of the reporting period	7,398	6,429
Amount written off	(3,191)	–
Loss allowance on trade receivables	316	741
Exchange realignment	<u>142</u>	<u>228</u>
At the end of the reporting period	<u><u>4,665</u></u>	<u><u>7,398</u></u>

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

12. TRADE AND OTHER PAYABLES

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	<i>(a)</i>	<u>6,765</u>	<u>6,184</u>
Other payables			
Provision of warranties		655	385
Staff cost payables		3,583	1,106
Other tax payables		1,694	1,461
Other payables and accruals		<u>1,085</u>	<u>896</u>
		<u>7,017</u>	<u>3,848</u>
Total trade and other payables		<u>13,782</u>	<u>10,032</u>
Less: Non-current portion			
Provision of warranties		<u>(129)</u>	<u>(110)</u>
Current portion		<u>13,653</u>	<u>9,922</u>

Note:

- (a) The credit period of trade payables is normally within 30 (2021: 30) days. The ageing analysis of the trade payables based on invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current or less than 1 month	1,259	502
1 month to 3 months	2,504	2,377
4 months to 6 months	1,411	815
7 months to 12 months	1,296	1,710
More than one year	<u>295</u>	<u>780</u>
	<u>6,765</u>	<u>6,184</u>

13. SHARE CAPITAL

	2022		2021	
	<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 2022, the Group recorded revenue of approximately HK\$78.9 million and profit attributable to the owners of the Company of approximately HK\$11.4 million, as compared to revenue of approximately HK\$55.6 million and profit attributable to owners of the Company of approximately HK\$5.4 million for the year ended 31 March 2021. The Group considers the increase in revenue was mainly caused by an increase in revenue from sales of LED lighting fixtures. 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 2022.

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

Revenue sources	For the year ended 31 March			
	2022		2021	
	<i>HK\$'million</i>	<i>%</i>	<i>HK\$'million</i>	<i>%</i>
Sales of LED lighting fixtures	49.3	62.5	35.5	63.9
Integrated LED lighting solution services	20.8	26.4	15.7	28.2
LED lighting system consultation and maintenance services	7.7	9.7	4.3	7.7
Sales of visual-audio systems	0.6	0.8	0.1	0.2
Sales of 3D printing materials and provision for 3D printing services	0.5	0.6	–	–
	<u>78.9</u>	<u>100.0</u>	<u>55.6</u>	<u>100.0</u>

Sales of LED lighting fixtures

Our revenue generated from sales of LED lighting fixtures has increased from approximately HK\$35.5 million for the year ended 31 March 2021 to approximately HK\$49.3 million for the year ended 31 March 2022, representing an increase of approximately 38.9% in this segment. The increase was mainly due to the customers increasing the budget for their projects as they become adapted to the coronavirus disease 2019 (“COVID-19”) situation.

Integrated LED lighting solution services

Our revenue generated from integrated LED lighting solution services has increased from approximately HK\$15.7 million for the year ended 31 March 2021 to approximately HK\$20.8 million for the year ended 31 March 2022, representing an increase of approximately 32.5%. The increase was mainly due to the increase in facade projects in the PRC during the year.

LED lighting system consultation and maintenance services

Our revenue generated from LED lighting system consultation and maintenance services has increased from approximately HK\$4.3 million for the year ended 31 March 2021 to approximately HK\$7.7 million for the year ended 31 March 2022, representing an increase of approximately 79.1%. The increase was mainly due to the increase of maintenance services requested by the customers.

Sales of visual-audio systems

Our sales of visual-audio systems has increased from approximately HK\$0.1 million for the year ended 31 March 2021 to approximately HK\$0.6 million for the year ended 31 March 2022, representing an increase of approximately 500.0% in this segment. The increase was mainly due to increase of demand from the customers.

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

Our sales of 3D printing materials and provision for 3D printing services was approximately HK\$0.5 million for the year ended 31 March 2022 (2021: Nil).

FINANCIAL REVIEW

Revenue

Our revenue increased from approximately HK\$55.6 million for the year ended 31 March 2021 by approximately HK\$23.3 million or 41.9%, to approximately HK\$78.9 million for the year ended 31 March 2022. The increase was mainly due to the increase in revenue from sales of LED lighting fixtures.

Cost of Sales

Our cost of sales increased from approximately HK\$27.3 million for the year ended 31 March 2021 by approximately HK\$10.5 million or 38.5%, to approximately HK\$37.8 million for the year ended 31 March 2022. The increase was in line with the increase in revenue.

Gross Profit

With the impact of the above factors, gross profit increased from approximately HK\$28.3 million for the year ended 31 March 2021 by approximately HK\$12.8 million or 45.2%, to approximately HK\$41.1 million for the year ended 31 March 2022. Besides, the gross profit margin increased from approximately 50.9% for the year ended 31 March 2021 by approximately 1.2%, to approximately 52.1% for the year ended 31 March 2022.

Other Income and Other Gains and Losses, Net

Our other income and other gains and losses decreased from approximately HK\$2.8 million for the year ended 31 March 2021 by approximately HK\$1.9 million or 67.9% to HK\$0.9 million for the year ended 31 March 2022. The decrease was mainly due to the absence of the one-off government grants of approximately HK\$2.1 million which was available during the year ended 31 March 2021.

Administrative Expenses

Administrative expenses increased from approximately HK\$23.9 million for the year ended 31 March 2021 by approximately HK\$4.1 million or 17.2%, to approximately HK\$28.0 million for the year ended 31 March 2022. The increase in administrative expenses was mainly due to the increase in salaries and allowance and sales commission of approximately HK\$3.3 million for the year ended 31 March 2022.

Loss Allowance on Trade Receivables

The provision of loss allowance of approximately HK\$0.3 million (2021: approximately HK\$0.7 million) was recognised for the year ended 31 March 2022.

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 (2021: approximately HK\$0.2 million) for the year ended 31 March 2022.

Income Tax Expense

Profit before income tax expenses has increased from approximately HK\$6.4 million for the year ended 31 March 2021 by approximately HK\$7.1 million or 110.9%, to approximately HK\$13.5 million for the year ended 31 March 2022 due to the increase in gross profit for the year ended 31 March 2022. The income tax expenses increased from approximately HK\$0.9 million for the year ended 31 March 2021 by approximately HK\$1.3 million or 144.4%, to approximately HK\$2.2 million for the year ended 31 March 2022. The increase in income tax expense is mainly due to increase in revenue and gross profit during the year.

Profit for the year

The Group recorded a profit of approximately HK\$11.4 million attributable to owners of the Company for the year ended 31 March 2022 compared to the profit of approximately HK\$5.4 million attributable to owners of the Company for the year ended 31 March 2021. The increase in profit is mainly due to the increase in revenue and gross profit during the year.

DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK\$0.004 per ordinary share (2021: HK\$0.01) for the year ended 31 March 2022 to shareholders of the Company (“**Shareholders**”) whose names appear on the register of members of the Company on Monday, 5 September 2022. Subject to the approval of Shareholders at the forthcoming annual general meeting of the Company (“**AGM**”) on Tuesday, 23 August 2022, the final dividend is expected to be paid on or around Wednesday, 21 September 2022.

CLOSURE OF REGISTER OF MEMBERS

Shareholders whose names appear on the Company's register of members on Tuesday, 23 August 2022 will be eligible to attend and, in relation to holders of Shares, to vote at the forthcoming AGM which will be held on Tuesday, 23 August 2022. The register of members will be closed from Thursday, 18 August 2022 to Tuesday, 23 August 2022 (both days inclusive), during which period no transfer of Shares will be effected. To qualify for attending the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited ("**Boardroom**") at 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Wednesday, 17 August 2022.

The record date for the proposed final dividend is Monday, 5 September 2022. The Company's register of members will be closed from Wednesday, 31 August 2022 to Monday, 5 September 2022 (both days inclusive) in order to determine entitlements to the proposed final dividend. During such period, no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with Boardroom for registration no later than 4:30 p.m. on Tuesday, 30 August 2022.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations primarily through cash generated from operating activities. As at 31 March 2022, the Group did not have any bank borrowings.

Liquidity ratios

	2022	2021
Current ratio	3.8	4.6
Quick ratio	3.5	4.4

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 2022, the currency denomination of the Group's cash and bank balances and fixed time deposits are as follows:

Currency denomination	2022 <i>HK\$ million</i>	2021 <i>HK\$ million</i>
Denominated in:		
HKD	35.9	52.4
RMB	25.9	10.5
EUR	–⁽¹⁾	–⁽¹⁾
USD	3.2	–⁽²⁾
	65.0	62.9

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

(2) Represents amount less than HK\$10,000.

Net current assets

As at 31 March 2022, the Group had net current assets of approximately HK\$66.1 million (2021: approximately HK\$64.8 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\$75.3 million (2021: approximately HK\$74.0 million).

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group during the year ended 31 March 2022 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 2022, the Group did not pledge any of its assets (2021: nil).

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any contingent liabilities (2021: nil).

CAPITAL EXPENDITURE

During the year, the Group acquired items of property, plant and equipment of approximately HK\$4,168,000 (2021: approximately HK\$1,226,000) and intangible assets of approximately HK\$23,000 (2021: approximately HK\$44,000).

CAPITAL COMMITMENT

As at 31 March 2022, the Group had capital commitment of approximately HK\$0.8 million (2021: approximately HK\$0.8 million).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2022, including our executive Directors, the Group had a total of 66 (as at 31 March 2021: 65) employees, of which 37 employees were in Hong Kong and 29 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 2022 (2021: nil). The Group did not have any material acquisition and disposal of subsidiary or affiliated company during the year ended 31 March 2022 (2021: nil).

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

Up to 31 March 2022, 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 and the change in use of proceeds announcement of the Company issued on 3 December 2021 (the “Change in Use of Proceeds Announcement”) as follows:

Description	Amount designated in the Prospectus (as adjusted based on the actual net proceeds raised) <i>HK\$' million</i>	Actual use of net proceeds from 25 January 2018 (the “Listing Date”) to the date of the Change in Use of Proceeds Announcement <i>HK\$' million</i>	Reallocation as stated in the Change in Use of Proceeds Announcement <i>HK\$' million</i>	Amount utilised after the Change in Use of Proceeds Announcement <i>HK\$' million</i>	Unutilised amount as at 31 March 2022 <i>HK\$' million</i>	Expected date to fully utilise the unutilised amount
Setting up a factory						
– Rental of factory and staff quarters	2.0	1.4	Nil	0.2	0.4	31 December 2022 <i>(Note 1)</i>
– Operating expense including staff costs	3.9	3.9	Nil	Nil	Nil	N/A
– Purchasing computer numeric control machines, 3D printer and testing equipment	3.7	3.7	Nil	Nil	Nil	N/A
– Capital expenditure including renovation and purchasing furniture and equipment	1.0	1.0	Nil	Nil	Nil	N/A
Subtotal	10.6	10.0	Nil	0.2	0.4	31 December 2022 <i>(Note 1)</i>
Recruiting high calibre staff	4.3	3.5	Nil	0.6	0.2	31 May 2022 <i>(Note 2)</i>
Pursuing suitable acquisitions	13.0	Nil	(5.0)	Nil	8.0	31 December 2022
Enhancing our ERP system	3.7	3.0	Nil	0.3	0.4	31 December 2022 <i>(Note 1)</i>
Purchasing Industrial PolyJet 3D Printer	N/A	N/A	3.0	3.0	Nil	N/A
Expanding 3D printing facilities and operating a 3D printing solution workshop	N/A	N/A	2.0	1.1	0.9	31 December 2022
Expanding and upgrading the infrastructure of our workshop and office	1.9	1.9	Nil	Nil	Nil	N/A
Working capital and general corporate purpose	1.2	1.2	Nil	Nil	Nil	N/A
Total	34.7	19.6	Nil	5.2	9.9	

Notes:

- (1) The remaining net proceeds were not fully utilised by the expected date of 31 March 2022. The Board has resolved to further extend the expected date to fully utilise the unutilised amount of the net proceeds in the same manner as previously disclosed to 31 December 2022.
- (2) The remaining net proceeds were not fully utilised by the expected date of 31 March 2022, but have been fully utilised as of the date of this announcement.

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 and the Change in Use of Proceeds Announcement.

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 2021/22, more than 80.3% of sales originates from the PRC and 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 the year, 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 announcement, 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.

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 2022 and up to the date of this announcement. During the year ended 31 March 2022, 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 2022.

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

The Directors confirm that during the year ended 31 March 2022 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 auditors, 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 2022.

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 2022 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 2022

As at the date of this announcement, the Board comprises Mr. Tam Yat Ming Andrew (Chairman and Chief Executive Officer) and Mr. Lo King Shun as Executive Directors, 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.