

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



Interim Report
2022/23

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*This report, for which the directors (the "**Directors**") of IMS Group Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**" or "**We**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

COMPANY SECRETARY

Mr. Lee Pui Chung

COMPLIANCE OFFICER

Mr. Tam Yat Ming Andrew

AUTHORISED REPRESENTATIVES

Mr. Tam Yat Ming Andrew
Mr. Lee Pui Chung

AUDIT COMMITTEE

Mr. Li Chun Hung *(Chairman)*
Mr. Ha Yiu Wing
Dr. Wilson Lee

REMUNERATION COMMITTEE

Dr. Wilson Lee *(Chairman)*
Mr. Ha Yiu Wing
Mr. Tam Yat Ming Andrew

NOMINATION COMMITTEE

Mr. Ha Yiu Wing *(Chairman)*
Mr. Li Chun Hung
Dr. Wilson Lee

AUDITOR

Mazars CPA Limited
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18 Harbour Road, Wan Chai,
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LEGAL ADVISERS

As to Hong Kong law:
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Island East, Hong Kong

Standard Chartered Bank (Hong Kong)
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Kwun Tong, Kowloon,
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HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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REGISTERED OFFICE IN THE CAYMAN ISLANDS

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P.O.Box 2681,
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Cayman Islands

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

STOCK CODE

8136

COMPANY'S WEBSITE

www.ims512.com

SUMMARY

1. The Group has recorded an unaudited total revenue of approximately HK\$45.1 million for the six months ended 30 September 2022, which represented an increase of approximately 1.8% as compared to the six months ended 30 September 2021.
 2. The Group recorded an unaudited profit attributable to owners of the Company for the six months ended 30 September 2022 of approximately HK\$11.4 million, representing a decrease of approximately HK\$1.9 million as compared with a profit of approximately HK\$13.3 million for the six months ended 30 September 2021.
 3. The board of directors (the "**Board**") of the Company does not recommend the payment of interim dividend for the six months ended 30 September 2022.
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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in sales of light-emitting diode (“LED”) lighting fixtures and provision of integrated LED lighting solution services for retail stores of world-renowned end-user luxury brands mainly in the Asia market.

For the six months ended 30 September 2022, the Group recorded revenue of approximately HK\$45.1 million and profit attributable to the owners of the Company of approximately HK\$11.4 million, as compared to revenue of approximately HK\$44.3 million and profit attributable to owners of the Company of approximately HK\$13.3 million for the six months ended 30 September 2021. The Group considers the decrease in the profit attributable to owners of the Company were primary attributable to the increase in direct cost relating to the installation work for our LED lighting solution projects, compared to 2021.

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

	2022 (unaudited) HK\$ million	Six months ended 30 September	
		2021 (unaudited) HK\$ million	%
Revenue from contracts with customers (within the scope of HKFRS 15)			
Revenue – at a point of time			
Sale of LED lighting fixtures	27.4	30.6	69.1
Sale of visual-audio systems	0.2	0.3	0.7
Sale of 3D printing materials and provision for 3D printing services	2.1	-	-
Revenue – over time			
LED lighting system consultation and maintenance services	1.7	3.7	8.3
Integrated LED lighting solution services	13.7	9.7	21.9
	45.1	44.3	100.0

Sales of LED lighting fixtures

For the sales of LED lighting fixtures, it has decreased from approximately HK\$30.6 million for the six months ended 30 September 2021 to approximately HK\$27.4 million for the six months ended 30 September 2022, which represents a decrease of approximately 10.5% or HK\$3.2 million, which is directly contributed by the decrease in number of projects in the People’s Republic of China (the “PRC”) for the six months ended 30 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Sales of visual-audio systems

We have recorded revenue of approximately HK\$0.2 million for the six months ended 30 September 2022 (2021: approximately HK\$0.3 million), representing approximately 0.4% of the Group's revenue.

LED lighting system consultation and maintenance services

Our revenue generated from LED lighting system consultation and maintenance service decreased from approximately HK\$3.7 million for the six months ended 30 September 2021 to approximately HK\$1.7 million for the six months ended 30 September 2022, which represents a decrease of approximately 54.1% or HK\$2 million in this segment, which was primarily due to the decrease in number of contracts awarded from existing customers.

Integrated LED lighting solution services

Our revenue generated from integrated LED lighting solution services increased from approximately HK\$9.7 million for the six months ended 30 September 2021 to approximately HK\$13.7 million for the six months ended 30 September 2022, which represented an increase of approximately HK\$4 million or 41.2% which was due to increase in demand from our existing customers.

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

We have recorded revenue generated from sale of 3D printing materials and provision for 3D printing services of approximately HK\$2.1 million for the six months ended 30 September 2022 (2021: Nil), representing approximately 4.7% of the Group's revenue.

FINANCIAL REVIEW

Revenue

Our revenue increased by approximately HK\$0.8 million or 1.8%, from HK\$44.3 million for the six months ended 30 September 2021 to approximately HK\$45.1 million for the six months ended 30 September 2022, primarily because revenue generated from sales of LED lighting fixtures has increased by approximately HK\$0.8 million for the six months ended 30 September 2022.

Direct Costs and Gross Profit

Our direct costs comprise of components, staff costs, subcontracting fee and labour costs. The direct costs increased by approximately HK\$1.6 million or 8.9%, from approximately HK\$17.9 million for the six months ended 30 September 2021 to approximately HK\$19.5 million for the six months ended 30 September 2022, which is in line with the increase in revenue for the six months ended 30 September 2022.

Our gross profit decreased by approximately HK\$0.8 million from approximately HK\$26.4 million for the six months ended 30 September 2021 to approximately HK\$25.6 million for the six months ended 30 September 2022, and the gross profit margin decreased from 59.6% for the six months ended 30 September 2021 to 56.7% for the six months ended 30 September 2022. This was primarily due to the increase in direct cost relating to the installation work for our LED lighting solution projects.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

Our administrative expenses increased by approximately HK\$0.7 million or 5.8%, from approximately HK\$12.0 million for the six months ended 30 September 2021 to approximately HK\$12.7 million for the six months ended 30 September 2022. The increase was mainly due to the increase of salaries and allowance of approximately HK\$0.2 million and depreciation of approximately HK\$0.2 million.

Income Tax Expense

Income tax expense has remained at approximately HK\$2.1 million for the six months ended 30 September 2022 and 2021.

Profit for the period

The Group recorded a profit of approximately HK\$11.4 million attributable to owners of the Company for the six months ended 30 September 2022, representing a decrease of approximately HK\$1.9 million as compared with a profit of approximately HK\$13.3 million for the six months ended 30 September 2021. The decrease in profit was primary attributable to the increase in direct cost relating to the installation work for our LED lighting solution projects.

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations primarily through cash generated from its operating activities. As at 30 September 2022 and 31 March 2022, we did not have any bank borrowings.

Liquidity ratios

	30 September 2022	31 March 2022
Current ratio	3.4	3.8
Quick ratio	3.1	3.5

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Cash and bank balances

As at 30 September 2022, the currency denomination of the Group's cash and bank balances (included fixed bank deposits) are as follows:

Currency denomination	30 September 2022 HK\$ million	31 March 2022 HK\$ million
Denominated in:		
HKD	20.3	35.9
RMB	47.2	25.9
EUR	— ⁽¹⁾	— ⁽¹⁾
USD	0.8	3.2
	68.3	65.0

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

Net current assets

As at 30 September 2022, the Group had net current assets of approximately HK\$71.3 million (as at 31 March 2022: HK\$66.1 million).

Total equity

The equity of the Group mainly comprises share capital, share premium and reserves. As at 30 September 2022, the Group's total equity attributable to owners of the Company amounted to approximately HK\$80.5 million (as at 31 March 2022: approximately HK\$75.3 million).

CAPITAL STRUCTURE

There has been no change in the capital structure of the Group since 31 March 2022 and up to the date of this report.

TREASURY POLICY

The Group has adopted a conservative approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 US dollars. During the period, there has been no material impact to the Group arising from the fluctuation in the foreign exchange rates.

The Group has not engaged in any derivatives agreement and has not committed to any financial instruments to hedge its foreign exchange exposure during the period.

PLEDGE OF ASSETS

As at 30 September 2022, the Group did not pledge any assets (as at 31 March 2022: nil).

CONTINGENT LIABILITIES

As at 30 September 2022, the Group did not have any contingent liabilities (as at 31 March 2022: nil).

CAPITAL EXPENDITURE

During the six months ended 30 September 2022, the Group acquired items of property, plant and equipment of approximately HK\$60,000 (year ended 31 March 2022: approximately HK\$4.2 million) and no intangible assets was acquired (year ended 31 March 2022: approximately HK\$23,000).

CAPITAL COMMITMENT

As at 30 September 2022, the Group had capital commitment of approximately HK\$0.8 million (as at 31 March 2022: approximately HK\$0.8 million).

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2022, including our executive Directors, the Group had a total of 62 (as at 31 March 2022: 66) employees, of which 35 employees were in Hong Kong and 27 employees were in the PRC.

Human resources are vital to our business. In compliance with external competitiveness and internal equity principle, 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

MANAGEMENT DISCUSSION AND ANALYSIS

- (2) a “five social insurance and one housing fund” retirement pension scheme in accordance with the Retirement Policy of the Chinese Government for PRC employees.

Furthermore, the Company has conditionally adopted a share option scheme on 22 December 2017 so as to motivate, attract and retain right employees.

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

Up to 30 September 2022, we utilized 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 2022 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) HK\$ million	Actual use of net proceeds		Reallocation as stated in the Change in Use of Proceeds Announcement HK\$ million	Amount utilised after the Change in Use of Proceeds Announcement HK\$ million	Unutilised amount as at 30 September 2022 HK\$ million	Expected date to fully utilise the unutilised amount
		from 25 January 2018 (the “Listing Date”) to the date of the Change in Use of Proceeds Announcement HK\$ million					
Setting up a factory							
- Rental of factory and staff quarters	2.0	1.4	Nil	0.2	0.2	31 December 2022	
- 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	0.2	31 December 2022	
Recruiting high calibre staff	4.3	3.5	Nil	0.6	Nil	N/A	
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	0.2	31 December 2022	
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	Nil	N/A	
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	8.4		

MANAGEMENT DISCUSSION AND ANALYSIS

The Group has achieved positive results from the 3D printing services segment following its entry into the 3D printing solution market during the year 2021/22. We have recorded revenue generated from sale of 3D printing materials and provision for 3D printing services of approximately HK\$2.1 million for the six months ended 30 September 2022 (2021: Nil), representing approximately 4.7% of the Group's revenue.

Having considered both (1) the Group's positive outlook in the 3D printing segment, and (2) the difficulties in identifying suitable acquisition targets with good financial performance in the midst of the persistent unfavourable macro-environment, the Board has resolved to reallocate unutilised net proceeds to further expand the Group's 3D printing capabilities and support the operating needs of the Group's 3D printing services segment. The table below illustrates the use of the unutilised net proceeds after the change:

Description	Unutilised amount as at 30 September 2022 HK\$' million	Proposed change in allocation of unutilised net proceeds HK\$' million	Revised allocation of unutilised net proceeds HK\$' million	Expected date to fully utilise the unutilised amount HK\$' million
Setting up a factory				
– Rental of factory and staff quarters	0.2	Nil	0.2	31 December 2022
Pursuing suitable acquisitions	8.0	(8.0)	Nil	N/A
Enhancing our ERP system	0.2	Nil	0.2	31 December 2022
Expanding 3D printing facilities and operating a 3D printing solution workshop	N/A	8.0	8.0	31 December 2023
Total	8.4	Nil	8.4	

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 in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

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 report. 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 report.

FUTURE DEVELOPMENT AND OUTLOOK

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

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

As at the date of this report, we are still facing the impact of COVID-19, and in response, the Group has regularly carried out assessments of the overall impact of the pandemic on its operations and has taken all possible contingency measures to contain such impact.

INTERIM RESULTS

The Board of the Company is pleased to announce the unaudited condensed consolidation interim financial statements of the Group for the six months ended 30 September 2022, together with the comparative unaudited figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2022

	Notes	Three months ended 30 September		Six months ended 30 September	
		2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Revenue	4	20,717	23,023	45,074	44,345
Direct costs		(8,865)	(8,737)	(19,512)	(17,928)
Gross profit		11,852	14,286	25,562	26,417
Other income		656	19	1,029	73
Other gains and losses, net		276	705	(338)	665
Administrative expenses		(6,508)	(6,174)	(12,693)	(12,007)
Reversal of loss allowance on trade receivables		24	61	24	290
Profit from operation		6,300	8,897	13,584	15,438
Finance cost	5(a)	(55)	(37)	(97)	(81)
Profit before income tax expense	5	6,245	8,860	13,487	15,357
Income tax expense	7	(817)	(1,032)	(2,055)	(2,065)
Profit attributable to owners of the Company		5,428	7,828	11,432	13,292
Other comprehensive loss					
<i>Item that are or may be reclassified to profit or loss:</i>					
Exchange differences on translating foreign operations		(1,517)	(690)	(2,276)	(396)
Other comprehensive loss for the period attributable to owners of the Company		(1,517)	(690)	(2,276)	(396)
Total comprehensive income for the period attributable to owners of the Company		3,911	7,138	9,156	12,896
Earnings per share		HK cents	HK cents	HK cents	HK cents
Basic and diluted	8	0.54	0.78	1.14	1.33

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2022

	<i>Notes</i>	30 September 2022 HK\$'000 (unaudited)	31 March 2022 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	10	7,119	8,604
Intangible asset		310	389
Right-of-use assets		5,089	2,414
		12,518	11,407
Current assets			
Inventories		10,354	6,434
Trade and other receivables	11	22,192	18,090
Cash and cash equivalents		68,324	65,024
		100,870	89,548
Current liabilities			
Trade and other payables	12	12,667	13,653
Contract liabilities		11,506	7,873
Lease liabilities		2,726	1,250
Tax payables		2,693	679
		29,592	23,455
Net current assets		71,278	66,093
Total assets less current liabilities		83,796	77,500
Non-current liabilities			
Other payables		129	129
Contract liabilities		296	296
Deferred tax liabilities		464	553
Lease liabilities		2,441	1,212
		3,330	2,190
NET ASSETS		80,466	75,310
Capital and reserves			
Share capital	13	1,000	1,000
Reserves		79,466	74,310
TOTAL EQUITY		80,466	75,310

Approved and authorised for issue by the Board of Directors and signed on its behalf by

Mr. Tam Yat Ming Andrew
Director

Mr. Lo King Shun
Director

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium ⁽¹⁾ HK\$'000	Merger reserve ⁽²⁾ HK\$'000	Exchange reserve ⁽³⁾ HK\$'000	Statutory surplus reserve ⁽⁴⁾ HK\$'000	Proposed dividends HK\$'000	Retained Profits ⁽⁵⁾ HK\$'000	Total HK\$'000
As at 31 March 2022 (audited)	1,000	50,946	8	(191)	1,324	4,000	18,223	75,310
Profit for the period	-	-	-	-	-	-	11,432	11,432
Other comprehensive loss: <i>Items that are or may be reclassified to profit or loss:</i>								
Exchange differences on translating foreign operations	-	-	-	(2,276)	-	-	-	(2,276)
Total comprehensive income for the period	-	-	-	(2,276)	-	-	11,432	9,156
2021/22 final dividend at HK\$0.004 per ordinary share	-	-	-	-	-	(4,000)	-	(4,000)
As at 30 September 2022 (unaudited)	1,000	50,946	8	(2,467)	1,324	-	29,655	80,466
As at 31 March 2021 (audited)	1,000	50,946	8	(117)	1,324	10,000	10,852	74,013
Profit for the period	-	-	-	-	-	-	13,292	13,292
Other comprehensive loss: <i>Items that are or may be reclassified to profit or loss:</i>								
Exchange differences on translating foreign operations	-	-	-	(396)	-	-	-	(396)
Total comprehensive income for the period	-	-	-	(396)	-	-	13,292	12,896
2020/21 final dividend at HK\$0.01 per ordinary share	-	-	-	-	-	(10,000)	-	(10,000)
As at 30 September 2021 (unaudited)	1,000	50,946	8	(513)	1,324	-	24,144	76,909

INTERIM RESULTS

Notes:

- (1) Share premium account of the Group represents the excess of the proceeds received over the nominal value of the Company's shares issued.
- (2) Merger reserve represents the difference between the Company's investment costs in subsidiaries and the aggregated share capital of the subsidiaries whose shares were transferred to the Company pursuant to the reorganisation.
- (3) Exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operation.
- (4) In accordance with the relevant regulation in the PRC, a subsidiary operating in the PRC is required to transfer 10% of its profits after tax, as determined under the accounting regulations in the PRC, to the statutory surplus reserve, until the balance of the fund reaches 50% of its respective registered capital. The statutory surplus reserve is non-distributable, and is subject to certain restrictions set out in the relevant regulations in the PRC. This reserve can be used either to offset against accumulated losses or be capitalised as paid-up capital. However, such balance of the statutory surplus reserve must be maintained at a minimum of 25% of paid-up capital after the above usages.
- (5) Retained profits represents cumulative net profits recognised in the consolidated statements of profit or loss and other comprehensive income.

INTERIM RESULTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022

		Six months ended 30 September	
	<i>Notes</i>	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net cash generated from operating activities		10,036	19,608
Net cash generated from/(used in) investing activities		139	(274)
Net cash used in financing activities		(5,318)	(11,246)
Net increase in cash and cash equivalents		4,857	8,088
Effect of exchange rate changes on cash and cash equivalents		(1,557)	171
Cash and cash equivalents at beginning of the period		65,024	62,874
Cash and cash equivalents at end of the period		68,324	71,133

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The Company was incorporated in the Cayman Islands on 15 February 2017, as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at the offices of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is located at Unit 1201, 12/F, Block C, Seaview Estate, 8 Watson Road, North Point, Hong Kong.

The Company, an investment holding company, and its subsidiaries (together referred to the "**Group**") are principally engaged in the sale of light-emitting diode ("**LED**") lighting fixtures and visual-audio system, provision of integrated LED lighting solution services, project consultancy and LED lighting system maintenance services, sale of 3D printing materials and provision for 3D printing services.

In the opinion of the directors of the Company, the Company's immediate and ultimate holding company is The Garage Investment Limited, a company incorporated in British Virgin Islands (the "**BVI**").

2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("**HKAS 34**"), all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the "**HKFRSs**"), issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules.

The unaudited condensed consolidated interim financial statements have been prepared under historical cost convention.

The principal accounting policies used in the unaudited condensed consolidated interim financial statements for the six months ended 30 September 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2022, except for the new and revised HKFRSs issued by the HKICPA that are adopted for the first time for the current accounting period of the Group.

The adoption of these new and revised HKFRSs has had no material effect on the amounts reported in these unaudited condensed consolidated interim financial statements and/or disclosures set out in these unaudited condensed consolidated interim financial statements. The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION

During the period, the Group was principally engaged in sale of LED lighting fixtures and visual-audio system, provision of integrated LED lighting solution services, project consultancy and LED lighting system maintenance services. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole. The Group's resources are integrated and as a result, no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

4. REVENUE

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

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15				
Revenue – at a point in time				
Sale of LED lighting fixtures	15,766	13,474	27,395	30,602
Sale of visual-audio systems	136	236	199	362
Sale of 3D printing materials and provision for 3D printing services	839	-	2,055	-
Revenue – over time				
LED lighting system consultation and maintenance services	801	1,045	1,685	3,708
Integrated LED lighting solution services	3,175	8,268	13,740	9,673
	20,717	23,023	45,074	44,345

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. PROFIT BEFORE INCOME TAX EXPENSE

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

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
(a) Finance costs				
Interest on lease liabilities	55	37	97	81
(b) Other items				
Costs of inventories recognised as expenses	5,574	6,541	13,222	13,599
Auditor's remuneration – Audit-related assurance services	149	142	299	285
Depreciation of property, plant and equipment				
– Administrative expenses	421	384	944	733
– Cost of sales	14	607	239	636
Amortisation of intangible assets	36	36	72	72
Depreciation of right-of-use assets	613	668	1,293	1,337
Leases expenses of other premises under short term leases	138	79	174	103

6. EMPLOYEE BENEFIT EXPENSES, INCLUDING DIRECTORS' REMUNERATION

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Fees, wages and salaries	5,345	5,389	10,402	10,541
Post-employment benefits – payment to defined contribution retirement plan	198	238	442	466
Other benefits	241	192	247	206
	5,784	5,819	11,091	11,213

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAX EXPENSE

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

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Current tax				
Hong Kong profits tax				
– current period	840	751	1,435	1,387
PRC enterprise income tax (“EIT”)				
– current period	(7)	298	652	711
Deferred income tax	(16)	(17)	(32)	(33)
Income tax expense	817	1,032	2,055	2,065

Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2021: 16.5%) of the estimated assessable profits during the period.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5% (six months ended 30 September 2021: 16.5%). The profits of corporations in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

PRC EIT

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Earnings				
Earnings for the purpose of basic earnings per share	5,428	7,828	11,432	13,292
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share <i>(Note)</i>	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000

Note:

Diluted earnings per share is same as basic earnings per share as there was no potential dilutive ordinary shares for the six months ended 30 September 2022 and 2021.

9. DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 September 2022 (six months ended 30 September 2021: nil).

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired items of property, plant and equipment with a cost of approximately HK\$60,000 (for the year ended 31 March 2022: approximately HK\$305,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Trade receivables			
From third parties		23,489	20,533
Less: Loss allowance		(4,149)	(4,665)
Trade receivables, net	(a)	19,340	15,868
Other receivables			
Prepayment and deposits		1,976	2,114
Other receivables		876	108
	(b)	2,852	2,222
Total trade and other receivables		22,192	18,090

Note:

- (a) The Group generally allows a credit period within 30 (year ended 31 March 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:

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Less than 1 month	2,840	3,650
1 month to 3 months	4,120	9,726
4 months to 6 months	6,688	1,196
More than 6 months but less than one year	5,692	1,296
	19,340	15,868

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. TRADE AND OTHER RECEIVABLES (Continued)

Note: (Continued)

(a) (Continued)

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

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
At beginning of the reporting period	4,665	7,398
Amount written off	-	(3,191)
(Reversal of) Loss allowance on trade receivables	(24)	316
Exchange realignment	(492)	142
At the end of the reporting period	4,149	4,665

(b) The above balances of other receivables, prepayments and deposits as at 30 September 2022 and 31 March 2022 were neither past due nor impaired. Financial assets included in these balances are non-interest bearing and relate to receivables for which there was no recent history of default.

12. TRADE AND OTHER PAYABLES

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Trade payables	8,265	6,765
Other payables:		
Provision of warranties	655	655
Staff cost payables	1,681	3,583
Other tax payables	1,803	1,694
Other payables and accruals	392	1,085
Total trade and other payables	12,796	13,782
Less: Non-current portion		
Provision of warranties	(129)	(129)
Total current portion	12,667	13,653

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE AND OTHER PAYABLES (Continued)

The credit period of trade payables is normally within 30 (year ended 31 March 2020: 30) days. The ageing analysis of the trade payables based on invoice date is as follows:

	As at 30 September 2022 HK\$'000 (unaudited)	As at 31 March 2022 HK\$'000 (audited)
Current or less than 1 month	211	1,259
1 to 3 months	639	2,504
4 to 6 months	2,084	1,411
7 to 12 months	892	1,296
More than 1 year	4,439	295
	8,265	6,765

13. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$
Authorised:		
Ordinary shares of HK\$0.001 each		
As at 31 March 2022 (audited) and 30 September 2022 (unaudited)	10,000,000,000	10,000,000
Issued and fully paid:		
As at 31 March 2022 (audited) and 30 September 2022 (unaudited)	1,000,000,000	1,000,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14. RELATED PARTY TRANSACTIONS

(a) Related party transactions

During the period, the Group does not have any significant transactions with its related parties or transactions which constituted connected transactions as defined in Chapter 20 of the GEM Listing Rules.

(b) Key management compensation

The key management personnel of the Group are the directors and senior management of the Group. The remuneration paid or payable to them during the period are as follows:

	Three months ended 30 September		Six months ended 30 September	
	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000	2022 (unaudited) HK\$'000	2021 (unaudited) HK\$'000
Fees, wages and salaries	1,337	1,337	2,674	2,674
Post-employment benefits – payment to defined contribution retirement plan	26	26	51	51
	1,363	1,363	2,725	2,725

15. CAPITAL COMMITMENT

As at 30 September 2022, the Group had capital commitment of approximately HK\$0.8 million (as at 31 March 2022: approximately HK\$0.8 million).

OTHER INFORMATION

DISCLOSURE OF INTERESTS

(a) **Interests and short positions of Directors and chief executive in the shares (the “Share(s)”), underlying Shares and debentures of the Company and our associated corporations**

As at the date of this report, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (“SFO”)), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long position in the Shares of the Company

<u>Name of Directors</u>	<u>Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding in our Company</u>
Mr. Tam Yat Ming Andrew	Interest in controlled corporation ⁽¹⁾	490,000,000	49%

Notes:

- (1) 490,000,000 Shares are held by Mr. Tam Yat Ming Andrew (“**Mr. Tam**”) indirectly through The Garage Investment Limited (“**Garage Investment**”), which is wholly-owned by Mr. Tam.

OTHER INFORMATION

Long position in the Shares of associated corporations

<u>Name of Directors</u>	<u>Name of associated corporation</u>	<u>Nature of interest</u>	<u>Number of Shares</u>	<u>Approximate percentage of shareholding</u>
Mr. Tam	Garage Investment	Beneficial owner	1	100.00%

Save as disclosed above and so far as is known to the Directors, as at the date of this report, none of the Directors nor chief executive of the Company had or was deemed to have any other interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the required standards of dealing by Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

(b) Interests and short positions of substantial shareholders in the Shares, Underlying Shares and debentures of the Company

As at the date of this report, so far as is known to the Directors, the following entities and individuals (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions (directly or indirectly) in the Shares or underlying Shares of the Company that would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Long position in the Shares

<u>Name</u>	<u>Nature of interest</u>	<u>Number of Shares</u>	<u>Percentage of shareholding</u>
Garage Investment	Beneficial owner	490,000,000	49.00%
Mr. Yeung Wun Tang Andy ("Mr. Yeung")	Beneficial owner and interest of spouse ⁽¹⁾	71,800,000	7.18%
Ms. Hung Ying	Beneficial owner and interest of spouse ⁽¹⁾	71,800,000	7.18%
Ms. Ng Wing Sze	Interest of spouse ⁽²⁾	490,000,000	49.00%

OTHER INFORMATION

Note:

- (1) Mr. Yeung and Ms. Hung Ying beneficially own 45,000,000 and 26,800,000 Shares respectively. Also as they are spouses, by virtue of SFO, each of Mr. Yeung and Ms. Hung Ying is deemed to be interested in the Shares in which the other person is interested.
- (2) Ms. Ng Wing Sze is the spouse of Mr. Tam. By virtue of the SFO, Ms. Ng Wing Sze is deemed to be interested in the Shares in which Mr. Tam is interested.

Save as disclosed above and so far as is known to the Directors, as at the date of this report, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section “Disclosure of interests – Interests and short positions of Directors and chief executive in Shares, underlying Shares and debentures of the Company and our associated corporations” above, had any interest or a short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme (the “**Share Option Scheme**”) was approved and conditionally adopted by the then shareholders of the Company by way of written resolutions on 22 December 2017.

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

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standard of dealings set out in Rules 5.46 to 5.67 of the GEM Listing Rules (the “**Required Standard Dealings**”). The Company had also made specific enquiry of all the Directors and each of them was in compliance with the Code of Conduct and Required Standard Dealings up to the date of this report.

OTHER INFORMATION

COMPETING INTERESTS

None of the Directors or the controlling shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has any business or interest in a business that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 September 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 September 2022.

CORPORATE GOVERNANCE

The Board is committed to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the shareholders.

The Company has adopted the Corporate Governance Code (the "CG Code") as stated in Appendix 15 of the GEM Listing Rules, except for the deviation from code provision C.2.1 of the CG Code.

Pursuant to code provision C.2.1 of the CG Code, the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. In view of Mr. Tam Yat Ming Andrew, being the founder of the Group and his experience and his roles in the Group, the Board considers it beneficial to the business prospect and operational efficiency of the Group that Mr. Tam Yat Ming Andrew acts as the chairman of the Board (the "Chairman") and continues to act as the CEO.

The Directors consider that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairman and CEO is necessary.

The Chairman is responsible for the Group's strategic planning and the management of the operations of the Board, while the CEO takes the lead in the Group's operations and business development. There is a clear division of responsibilities between the Chairman and CEO which provides a balance of power and authority.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any material subsequent events after the reporting period and up to the date of this report.

OTHER INFORMATION

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as at the date of this report.

AUDIT COMMITTEE

The financial information in this report has not been audited by the auditor of the Company. Pursuant to Rule 5.28 of the GEM Listing Rules, the Company established the audit committee (the “**Audit Committee**”) with written terms of reference aligned with the provision of the code provisions set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this report, the Audit Committee comprises Mr. Li Chun Hung (Chairman), Dr. Wilson Lee and Mr. Ha Yiu Wing, being the independent non-executive Directors.

The Audit Committee has reviewed the unaudited condensed consolidated results of the Company for the six months ended 30 September 2022 and is of the opinion that such results complied with the applicable accounting standards and the requirements under the GEM Listing Rules, and that adequate disclosures have been made.

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

Hong Kong, 9 November 2022

As at the date of this report, the Board comprises Mr. Tam Yat Ming Andrew (Chairman and Chief Executive Officer) and Mr. Lo King Shun as Executive Directors, Mr. Li Chun Hung, Mr. Ha Yiu Wing and Dr. Wilson Lee as Independent Non-executive Directors.