LUMINA GROUP LIMITED
瑩嵐集團有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 8470

2018
ANNUAL REPORT

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 the GEM are generally small and mid-sized companies, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on the GEM.

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This report, for which the directors (the "Directors") of Lumina Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. 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 aspects 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

BOARD OF DIRECTORS

Executive Directors

Mr. Fok Hau Fai *(Chairman)*
Mr. Sung Sing Yan
Ms. Wu Xiaorong (appointed on 24 January 2018)

Independent Non-executive Directors

Mr. Hung Kin Sang
Mr. Lee Yin Sing
Mr. Wan Chun Kwan

COMPANY SECRETARY

Mr. Wong Chi Wai

COMPLIANCE OFFICER

Mr. Fok Hau Fai

COMPLIANCE ADVISER

CLC International Limited

AUTHORISED REPRESENTATIVES

Mr. Fok Hau Fai
Mr. Wong Chi Wai

AUDIT COMMITTEE

Mr. Lee Yin Sing *(Chairman)*
Mr. Hung Kin Sang
Mr. Wan Chun Kwan

REMUNERATION COMMITTEE

Mr. Hung Kin Sang *(Chairman)*
Mr. Sung Sing Yan
Mr. Wan Chun Kwan

NOMINATION COMMITTEE

Mr. Fok Hau Fai *(Chairman)*
Mr. Hung Kin Sang
Mr. Lee Yin Sing

RISK AND TECHNICAL COMMITTEE

Mr. Wan Chun Kwan *(Chairman)*
Mr. Sung Sing Yan
Mr. Wong Chi Chiu *(Project Director)*

AUDITOR

Deloitte Touche Tohmatsu

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

1/F, R&T Centre
No. 81-83 Larch Street
Tai Kok Tsui
Kowloon
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Nanyang Commercial Bank, Limited

WEBSITE ADDRESS

www.lumina.com.hk

STOCK CODE

8470

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of Directors (the "Directors") of Lumina Group Limited (the "Company") and together with its subsidiaries, (the "Group"), I am pleased to present the first annual report of the Group for the year ended 31 March 2018 after its successful listing (the "Listing") on the GEM on 25 October 2017 (the "Listing Date").

The Listing is a remarkable milestone of our business development successfully raising the Group's profile in the industry and boosting our brand awareness. I believe that upon the Listing, the regulatory compliance and corporate governance of the Group will be further enhanced. I am most grateful for the contributions from our business partners, staff members, management team and particularly, the guidance by our professional advisors, who made the Listing possible.

Our revenue in this financial year reached another record high by hitting approximately HK$102.1 million, representing an increase of approximately 11.6% as compared to approximately HK$91.5 million for the year ended 31 March 2017. The revenues from (i) fire safety system installation services and (ii) fire safety system repair and maintenance services recorded growth of 5.3% and 83.1% respectively.

The Group's profits decreased from approximately HK$12.6 million for the year ended 31 March 2017 to approximately HK$11.4 million for the year ended 31 March 2018. The decrease in profits was mainly due to the one-off listing expenses of approximately HK$8.3 million (2017: HK$7.4 million) incurred during the year ended 31 March 2018. Excluding this non-recurring expenses, the Group's profits would have been approximately HK$19.6 million for the year ended 31 March 2018 (2017: approximately HK$20.0 million), representing a decrease was approximately HK$0.4 million or 2.0% as compared to the corresponding period of 2017. The slight decrease was due to the post-Listing fees, including audit fees and professional fees.

We are optimistic on the Hong Kong fire safety market as the Group continues to receive a high level of tender opportunities in Hong Kong. Subsequent to 31 March 2018 and as at the date of this report, we had 17 fire safety system installation projects in progress and 25 projects awarded but not yet commenced, of which the revenue expected to be recognised after this financial year is over 100 million. Our healthy financial position enables the Group to undertake more new projects and/or projects with greater contract sum, capturing the growth in the fire safety market.

Besides, in order to meet the requirements set out by the Housing Authority for the admission to the Housing Authority List of Fire Services and Water Pump Contractors, the Group has set up a team to undertake projects of supply, installation, maintenance of water pump systems which are welcomed by our customers and the Group keeps receiving tender invitations in this aspect. To maximize long term returns to our shareholders (the "Shareholders"), the Group will continue to explore new markets and strengthen the revenue base.

Lastly, I would like to express my sincere gratitude to our management team and staff for the exceptional effort they have put and to our Shareholders, investors and business partners for their trust and support.

Fok Hau Fai
Chairman and Executive Director

Hong Kong, 26 June 2018

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

The Group is an established fire safety service provider in Hong Kong, focusing on building fire safety. Our services cover the design, supply and installation of fire safety systems which include evacuation and electrical fire alarm systems, water and gas suppression systems and portable fire equipment for newly built and existing buildings. We also provide repair and maintenance services to fire safety systems to satisfy the requirements of the Fire Services Department.

Looking forward, the Directors consider that the future opportunities which the Group faces will be affected by the condition of the property market in Hong Kong. The Directors are of the view that the number of properties to be built or to be redeveloped in Hong Kong is the key driver to drive the demand for fire safety services in Hong Kong.

Our listing status enhanced our corporate profile and recognition that in turn reinforced our brand awareness and image in both the existing and potential customers. To capture the growth in the market, our Board and management are actively exploring new business opportunities, including the setup of a new team to undertake projects of supply, installation, maintenance of water pump systems.

FINANCIAL REVIEW

Revenue

Revenue increased from approximately HK$91.5 million for the year ended 31 March 2017 to approximately HK$102.1 million for the year ended 31 March 2018, representing an increase of approximately 11.6%. Such increase was mainly attributable to the revenue generated by new contracts of fire safety system installation for existing buildings and a new term contract awarded by a major customer to provide maintenance services of fire services systems for shopping centres, car parks, markets and cooked food stalls.

Direct Cost

Direct costs increased from approximately HK$61.7 million for the year ended 31 March 2017 to approximately HK$69.6 million for the year ended 31 March 2018, representing an increase of approximately 12.8%. Such increase was in line with the increase in revenue.

Gross Profit

Gross profit increased from approximately HK$29.8 million for the year ended 31 March 2017 to approximately HK$32.5 million for the year ended 31 March 2018, representing an increase of approximately 9.1%. The overall gross profit margin slightly decreased from approximately 32.6% for the year ended 31 March 2017 to approximately 31.8% for the year ended 31 March 2018. Such decrease was mainly attributable to the additional involvement of sub-contractors for repair and maintenance works.

Bank interest income

The Group recorded bank interest income of approximately HK$417,000 for the year ended 31 March 2018 (2017: HK$1,000). Such increase was attributable to the interest income generated from the unused net proceeds of the Listing deposited into short-term demand deposits with Hong Kong licensed banks.

Other losses

The Group recorded other losses of approximately HK$186,000 for the year ended 31 March 2018 (2017: HK$55,000). Such increase was attributable to the increase in allowance provided for bad and doubtful debts on trade receivables. The management will strengthen the credit management by performing ongoing credit assessments and evaluations of the financial status of its customers more frequently.

Administrative Expenses

Administrative expenses increased from approximately HK$5.8 million for the year ended 31 March 2017 to approximately HK$9.1 million for the year ended 31 March 2018, representing an increase of approximately 56.9%. Such increase was mainly attributable to the audit fees and professional fees.

Finance costs

The Group recorded finance costs of approximately HK$53,000 for the year ended 31 March 2018 (2017: HK$19,000). Such increase was in line with our bank borrowing duration during the year.

Listing Expenses

The Group recorded non-recurring Listing expenses of approximately HK$8.3 million for the year ended 31 March 2018 (2017: HK$7.4 million) as expenses in connection with the Listing.

Income Tax Expense

Income tax expense decreased from approximately HK$4.0 million for the year ended 31 March 2017 to approximately HK$3.9 million for the year ended 31 March 2018, representing a decrease of approximately 2.5%. Such decrease was mainly attributable to the increase in administrative expenses.

Profit and Total Comprehensive Income for the Year

Profit and total comprehensive income for the year decreased from approximately HK$12.6 million for the year ended 31 March 2017 to approximately HK$11.4 million for the year ended 31 March 2018, representing a decrease of approximately 9.5%. Such decrease was mainly attributable to the net effect of (i) the increase in revenue and gross profit; (ii) the increase in Listing expenses; and (iii) the increase in administrative expenses.

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position during the year ended 31 March 2018. As at 31 March 2018, the Group had bank balances and cash of approximately HK$67.9 million (31 March 2017: HK$11.3 million) and pledged bank balances of approximately HK$1.1 million (31 March 2017: HK$0.9 million).

The current ratio as at 31 March 2018 was approximately 10.1 times (31 March 2017: 2.8 times).

GEARING RATIO

As at 31 March 2018, the Group has no interest-bearing bank and other borrowings (31 March 2017: Nil).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 March 2018. 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.

PLEDGE OF ASSETS

As at 31 March 2018, the Group pledged to a bank its bank deposits of approximately HK$1.1 million (31 March 2017: HK$0.9 million) as collateral to secure bank facilities granted to the Group. Except for these pledging of deposits, the Group did not create any charges on its assets.

FOREIGN EXCHANGE EXPOSURE

All of the revenue-generating operations and borrowings of the Group were transacted in Hong Kong Dollars which is the functional currency of all the group entities. For the year ended 31 March 2018, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against foreign currency risk. The management will consider hedging significant currency exposure should the need arise.

CAPITAL STRUCTURE

The shares of the Company were successfully listed on the GEM of the Stock Exchange on 25 October 2017. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises of ordinary shares. As at 31 March 2018, the Company's issued share capital was HK$6,000,000 and the number of its issued ordinary shares was 600,000,000 of HK$0.01 each.

COMMITMENTS

The contractual commitments of the Group were primarily related to the leases of its office premises and certain equipment. The Group's operating lease commitments amounted to approximately HK$2.0 million as at 31 March 2018 (31 March 2017: approximately HK$0.8 million).

As at 31 March 2018, the Group did not have any capital commitment (31 March 2017: Nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not hold any significant investments in equity interest in any other companies. Except for those included in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the Group had no definite future plans for acquisition of material investments and capital assets as at 31 March 2018.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in the Prospectus, there were neither significant investments held as at 31 March 2018 nor acquisitions and disposals of subsidiaries during the year ended 31 March 2018.

EVENT AFTER THE REPORTING PERIOD

There is no significant event after the reporting period of the Group.

CONTINGENT LIABILITIES

As at 31 March 2018, performance guarantees of approximately HK$1.1 million (31 March 2017: HK$0.9 million) were given by a bank in favour of the Group's customers as security for the due performance and observance of our obligations under the contracts entered into between us and our customers. If we fail to provide satisfactory performance to our customers to whom performance guarantee have been given, the customers may demand the bank to pay to them a sum not more than the amount of the relevant performance guarantee. We will become liable to compensate the bank accordingly. The performance guarantee will be released upon completion of the contract works. Our Directors opined that it is unlikely that a claim will be made against the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group employed a total of 44 employees (31 March 2017: 39 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK$12.9 million for the year ended 31 March 2018 (2017: approximately HK$10.7 million).

The Group recognises employees as valuable assets of the Group. We promote individuals based on their performance and development potential in the positions held. In order to attract and retain high quality staff, competitive remuneration package is offered to employees (with reference to market norms and individual employee's performance, qualification and experience). On top of basic salaries, bonuses may be paid with reference to the Group's performance as well as individual's performance. Other staff benefits include provision of retirement benefits, medical benefits and sponsorship of training courses. Share options may also be granted to eligible employees by reference to the Group's performance as well as individual's contribution.

The Group has complied with the applicable labour laws and regulations. The Directors confirmed that the Group has neither experienced any significant problems with our employees or disruption to its operations due to labour disputes nor has experienced any difficulties in retaining experienced staff or skilled personnel for the year ended 31 March 2018. Thus, our Directors consider that the Group has maintained good relationship with its employees.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's key risk exposures are summarised as follows:

(i) Our revenue is mainly derived from projects which are not recurring in nature

(ii) Our historical growth rate, revenue and profit margin may not be indicative of our future growth rate, revenue and profit margin

(iii) Our cash flows may deteriorate due to potential mismatch in time between receipt of progress payments from our customers, and payments to our sub-contractors and suppliers

(iv) We rely on our senior management staff, and their departure would adversely affect our operations and financial results

(v) We rely on our sub-contractors, who are Independent Third Parties, to complete our contract works and there is no assurance that our sub-contractors will always follow strictly all of our instructions

(vi) We depend on our suppliers for fire equipment and related accessories, and any shortage or delay of supply, or deterioration in quality, of the same could materially and adversely affect our operations

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the Prospectus.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's operations at work sites are subject to certain environmental requirements pursuant to the laws in Hong Kong, including primarily those in relation to air pollution control, noise control, water pollution control and waste disposal control. During the year ended 31 March 2018, the Group did not record any non-compliance with applicable environmental requirements that resulted in prosecution or penalty being brought against the Group.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Company and its subsidiaries during the year ended 31 March 2018.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

Customers

The Group provides fire safety services to customers from both the public and the private sectors in Hong Kong. We have maintained a diversified customers' base comprising customers from both private sector (non-public sector such as property owners and tenants, construction contractors and property managers) and public sector (government-related organisations and non-governmental organisations).

The Group's fire safety service projects cover different types of buildings, including commercial (e.g. offices, hotels and shopping malls, etc), composite (a combination of any two or more of domestic, commercial or institutional usage), institutional (e.g. schools, hospitals and universities) and residential.

During the year ended 31 March 2018, the Directors consider that the Group has not relied on any single customer. The Group has had business relationship with most of the top 5 customers ranging from 1 year to over 5 years and is being invited to tender or quote from time to time.

Suppliers and Sub-contractors

During the year ended 31 March 2018, the Group (i) purchased materials and equipment from suppliers and (ii) arrange sub-contractors to perform the construction works on a project basis.

The Group adopted a policy on the management of suppliers and sub-contractors, whereby we would conduct background checks on our suppliers and select our suppliers based on various factors, including the price and quality of their products, the reliability of their on-time delivery, and their reputation in the industry. We would also carry out periodic reviews of our suppliers to ensure that the quality of products supplied to us meets our requirements.

The Group maintains an internal list of approved suppliers and sub-contractors for each categories of building works and materials and the list is updated on a continuous basis. The Group generally maintains multiple suppliers and sub-contractors for products and services to avoid over-reliance on a few suppliers and sub-contractors. We did not experience any material difficulties in sourcing materials from suppliers or assigning sub-contractors during the year ended 31 March 2018. The Group did not have any significant disputes with any of its top five suppliers and sub-contractors during the year ended 31 March 2018.

COMPARISON BETWEEN BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus of the Company dated 29 September 2017 (the "Prospectus") with the Group's actual business progress for the period from the Listing Date to 31 March 2018 is set out below:

Business objective as stated in the Prospectus	**Actual business progress up to 31 March 2018**
To capture the market growth in the public sector	The Group is in the process of applying to the Development Bureau for the admission as a fire service installation specialist contractor under "Group II" of the List of Approved Specialists for Public Works.
To expand and increase our fire safety system installation service capacity	The Group is in the process of identifying suitable business opportunities with potential customers and the Group has also committed to undertake new installation and maintenance projects. The Group is in the process of applying to the Fire Services Department the registration of a subsidiary – Kin Ying F.S. Engineering Limited as a Class 1 and Class 2 registered fire service installation contractor.
To provide high quality repair and maintenance services	The Group has leased a new office and sponsored our staff to attend external training.
To enhance our information management system	The Group has started to build up a new computer system for computerising project and document process flow.

USE OF PROCEEDS

An analysis of the planned usage of net proceeds up to 31 March 2018 as stated in the Prospectus and the actual utilisation of the net proceeds from the listing and up to 31 March 2018 is set out below:

	Planned use of net proceeds as stated in the Prospectus up to 31 March 2018	**Actual usage of net proceeds up to 31 March 2018**
	HK$'million	HK$'million
To capture the market growth in the public sector	1.2	0.1
To expand and increase our fire safety system installation services capacity	4.8	1.1
To provide high quality repair and maintenance services	3.2	0.9
To enhance our information management system	0.3	0.2
	9.5	2.3

The net proceeds from the offering of the shares of the Company by way of share offer (the "Share Offer"), net of underwriting commission and relevant expenses, amounted to approximately HK$44.0 million.

The business objectives as stated in the Prospectus were based on the best estimation of the future market conditions made by the Group at the time of preparing the Prospectus. The use of proceeds was applied in accordance with the actual development of the market.

As at 31 March 2018, approximately HK$2.3 million out of the net proceeds from the Listing had been used. The unused net proceeds have been deposited in licensed banks.

The Company intends to apply the net proceeds in the manner as stated in the Prospectus. However, the Directors will constantly evaluate the Group's business objectives and may change or modify plans against the changing market condition to attain sustainable business growth of the Group.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICE

The Directors and the management of the Group recognise the importance of sound corporate governance to the long-term success and continuous development of the Group. Therefore, the Board is committed to upholding good corporate standards and procedures, so as to improve the accountability system and transparency of the Group, protect the interests and create value for shareholders of the Company.

The Company's corporate governance practices are based on the principles and the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules. The Shares were listed on GEM of the Stock Exchange on 25 October 2017, the Company has since then adopted and complied with, where applicable, the CG Code except for Code Provision A.2.1 of the CG Code, from the Listing Date up to the date of this report (the "Relevant Period") to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner.

Pursuant to Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Fok Hau Fai ("Mr. Fok") is currently the chairman of the Board and the chief executive officer of the Company, responsible for formulating the overall business strategies and overseeing the business and operation of the Group. Considering that, Mr. Fok has been responsible for the overall management and operation of the Group since its inception in 2002, the Board believes that it is in the best interest of the Group to have Mr. Fok taking up both roles for effective management and business development. Therefore, the Board consider that the deviation from the CG Code Provision A.2.1 is appropriate in such circumstance.

BOARD OF DIRECTORS

The Board is responsible for the overall management of the business of the Group, formulating the Group's overall strategic direction and maintaining appropriate levels of review, challenge and guidance in its relationship with the management. The management is delegated with the authority and responsibility by the Board for the day-to-day management and administration of the Group. The Board is provided with updates from management to give a balanced and understandable assessment of the performance, recent development and prospects of the Group on a regular basis.

The Board is the ultimate decision-making body for all matters material to the Group and discharges its responsibilities on corporate governance either by itself or the Board Committees set out in Code Provision D.3.1 of the CG Code which include the following:

1. to develop and review the policies and practice on corporate governance of the Group and make recommendations;

2. to review and monitor the training and continuous professional development of the Directors and senior management;

3. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual applicable to the Directors and employees; and

5. to review the Company's compliance with the CG Code and disclosure in the corporate governance report of the Company.

COMPOSITION OF THE BOARD

As at the date of this report, the Board comprises six Directors, including three Executive Directors and three Independent Non-executive Directors (the "INED") as set out below:

Executive Directors

Mr. Fok Hau Fai *(Chairman and Chief Executive Officer)*
Mr. Sung Sing Yan
Ms. Wu Xiaorong (appointed on 24 January 2018)

Independent Non-executive Directors

Mr. Hung Kin Sang
Mr. Lee Yin Sing
Mr. Wan Chun Kwan

Biographical details of the Directors are set out in "Biographical Details of Directors and Senior Management" on pages 32 to 34 of this annual report.

In compliance with Rules 5.05A, 5.05(1) and (2) of the GEM Listing Rules, the Company has appointed three INEDs representing not less than one-third of the Board and at least one of whom has appropriate professional qualifications, or accounting or related financial management expertise. The Company has received from each INED an annual confirmation of his independence, and the Company considers such INEDs to be independent in accordance with Rule 5.09 of the GEM Listing Rules.

The Board considers that the balance of power and authority, accountability and independent decision-making under our present arrangement will not be impaired because of the diverse background and experience of our Independent Non-executive Directors. Furthermore, the Audit Committee of the Company (the "Audit Committee") has free and direct access to the Company's external auditor and independent professional advisers when it considers necessary.

The composition of the Board is well balanced with each Director having skills, experience and expertise relevant to the business operations and development of the Group and from a variety of backgrounds. There is diversity of educational background, functional expertise, gender, age and experience. Before the Listing Date, a Board Diversity Policy of the Company has been adopted by the Board which sets out the approach to achieve diversity on the Board and the factors (including but not limited to race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status) to be considered in determining the composition of the Board so as to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and to maximize the Board's effectiveness.

To the best knowledge of the Board, there are no other relationship (including financial business, family, and other material/relevant relationships) among the members of the Board as of the date of this report.

BOARD MEETINGS

The Board is scheduled to meet four times a year at approximately quarterly intervals with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice is given in a reasonable time in advance. All Directors are provided with adequate information before the meetings. To enable the Directors to be properly briefed on issues arising at Board meetings and to make informed decisions, an agenda and the accompanying Board papers together with all appropriate and relevant information in relation to the matters of the meetings will be sent to all Directors at least three days before the intended date of each regular Board meeting. The Directors are allowed to include any other matters in the agenda that is required for discussion and resolution at the meeting. The Directors may participate in meetings either in person or through electronic means of communications. The Directors have separate and independent access to the Company Secretary and senior management from time to time.

During the year ended 31 March 2018 and prior to the Listing, the Board had held meetings to approve, among other things, matters relating to the Listing. Three Board meetings have been held during the Relevant Period and no general meeting has been held by the Company. The attendance records of the Directors in attending board meetings during the Relevant Period is set out as below.

Name of Directors	**Number of Board meetings attended/ eligible to attend**
Executive Directors	
Mr. Fok Hau Fai	3/3
Mr. Sung Sing Yan	3/3
Ms. Wu Xiaorong (appointed on 24 January 2018)	0/1
Independent Non-executive Directors	
Mr. Hung Kin Sang	3/3
Mr. Lee Yin Sing	3/3
Mr. Wan Chun Kwan	3/3

APPOINTMENT AND RE-ELECTION OF DIRECTORS

All Directors are appointed for a specific term under their service contracts and every Director is subject to retirement by rotation and re-election at an annual general meeting at least once every three years in accordance with the articles of association of the Company.

Under the articles of association of the Company, any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the INEDs has entered into a letter of appointment with the Company for an initial term of service commencing from the Listing Date and shall continue thereafter subject to a maximum of three years unless terminated by either party giving not less than one month’s notice in writing.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of conduct regarding securities transactions by the Directors on the terms no less exacting than the required standard of dealing set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all the Directors and all Directors confirmed that they had complied with the required standard of dealings regarding transactions during the Relevant Period. The Company is not aware of any non-compliance with the required standard of dealings regarding securities transactions by the Directors during the Relevant Period.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

The Group acknowledges the importance of continuous professional development for the Directors to extend and refresh their knowledge and skills. Every Director keeps abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

The Directors are fully aware of the requirement under the Code Provision A.6.5 of the CG Code regarding the professional development. During the year ended 31 March 2018 and up to the date of this report, all Directors attended a training session regarding the duties and liabilities of directors and listed companies.

DIRECTORS AND OFFICERS' INSURANCE

The Company has arranged appropriate insurance cover in respect of potential legal action against its Directors and officers.

BOARD COMMITTEES

The Board established four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk and Technical Committee by resolutions of Directors passed on 22 September 2017, for overseeing particular aspects of the Group's affairs. All Board committees were established with written terms of reference in compliance with the relevant code provisions of the CG Code, which are available at the GEM's website (www.hkgem.com) and the Company's website (www.lumina.com.hk).

Audit Committee

The Company established the Audit Committee on 22 September 2017 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules.

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of external auditors; review the financial statements and material advice in respect of financial reporting; and oversee the internal control and risk management procedures of the Group.

The Audit Committee comprises three INEDs, namely, Mr. Lee Yin Sing, Mr. Hung Kin Sang and Mr. Wan Chun Kwan. Mr. Lee Yin Sing is the chairman of the Audit Committee, who has appropriate professional qualifications and experience in accounting matters. None of the members of the Audit Committee is a former partner of the existing external auditors of the Company, Deloitte Touche Tohmatsu.

For the period from 22 September 2017 (date of establishment of the Audit Committee) to 31 March 2018, two meetings have been held by the Audit Committee, at which the Audit Committee reviewed the Group's unaudited consolidated financial statements for the nine months ended 31 December 2017 and the unaudited consolidated financial statements for the six months ended 30 September 2017. The attendance record of each member at Audit Committee Meetings during the Relevant Period is set out below:

Name of Directors	Number of Audit Committee Meeting attended/ eligible to attend
Mr. Lee Yin Sing	2/2
Mr. Hung Kin Sang	2/2
Mr. Wan Chun Kwan	2/2

There had been no disagreement between the Board and the Audit Committee during the Relevant Period.

At the Audit Committee Meeting held after the Relevant Period on 26 June 2018, all the members of the Audit Committee reviewed the Company's audited consolidated financial statements for the year ended 31 March 2018, including the accounting principles and practice adopted by the Group, the Company's compliance with the CG Code and disclosure in this Corporate Governance Report, the effectiveness of the Group's internal control and risk management systems and recommended to the Board for consideration the reappointment of Deloitte Touche Tohmatsu as the Company's independent external auditors at the forthcoming Annual General Meeting.

Remuneration Committee

The Company established the Remuneration Committee on 22 September 2017 with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and paragraph B.1 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review performance-based remuneration; and ensure none of the Directors determine their own remuneration.

The Remuneration Committee currently consists of three members: one Executive Director, being Mr. Sung Sing Yin, and two INEDs, being Mr. Hung Kin Sang and Mr. Wan Chun Kwan. Mr. Hung Kin Sang is the chairman of the Remuneration Committee.

For the period from 22 September 2017 (date of establishment of the Remuneration Committee) to 31 March 2018, no meeting has been held by the Remuneration Committee. Due to the fact that the Company was just listed on 25 October 2017 and most of the existing Directors were appointed in September 2017, the Remuneration Committee considers that it is not necessary to review the overall remuneration policy of the Group in the first five months after its listing.

Subsequent to 31 March 2018 and up to the date of this report, the Remuneration Committee held its first meeting on 26 June 2018, at which all members of the Remuneration Committee reviewed the remuneration packages for the Directors and senior management and made recommendations to the Board.

Nomination Committee

The Company established the Nomination Committee on 22 September 2017 with written terms of reference in compliance with paragraph A.5 of the CG Code and Corporate Governance Report as set out in Appendix 15 to the GEM Listing Rules.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis; identify individuals suitably qualified to become Board members; assess the independence of Independent Non-executive Directors; and make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors. The Nomination Committee currently consists of three members: one Executive Director, being Mr. Fok, and two INEDs, being Mr. Hung Kin Sang and Mr. Lee Yin Sing. Mr. Fok is the chairman of the Nomination Committee.

For the period from 26 September 2017 (date of establishment of the Nomination Committee) to 31 March 2018, no meeting has been held by the Nomination Committee. Due to the fact that the Company was just listed on 25 October 2017 and most of the existing Directors were appointed in September 2017, the Nomination Committee considers that it is not necessary to review the structure, size and composition of the Board and identify any new Board member in the first five months after its listing.

Subsequent to 31 March 2018 and up to the date of this report, the first meeting of the Nomination Committee was held on 26 June 2018, at which all members of the Nomination Committee (i) reviewed the structure, size and composition of the Board; (ii) assessed the independence of the INEDs; and (iii) recommended to the Board for consideration the re-appointment of all the retiring Directors at the forthcoming Annual General Meeting.

Risk and Technical Committee

The Company established the Risk and Technical Committee on 22 September 2017. The primary duties of the Risk and Technical Committee are to review the Company's risk management policies and monitor the risk exposed to the Group during our course of provision of fire safety services to our customers and implementation of the related internal control procedures. The Risk and Technical Committee currently consists of three members: one Executive Director, being Mr. Sung Sing Yan, one INED, being Mr. Wan Chun Kwan and one senior management, being Mr. Wong Chi Chiu. The chairman of the Risk and Technical Committee is Mr. Wan Chun Kwan.

For the period from 26 September 2017 (date of establishment of the Risk and Technical Committee) to 31 March 2018, no meeting has been held by the Risk and Technical Committee. Due to the fact that the Company was just listed on 25 October 2017 and the risk management policies and the related internal control procedure have just been reviewed and updated before its listing, the Risk and Technical Committee considers that it is not necessary to review it again in this first five months.

COMPANY SECRETARY

Mr. Wong Chi Wai was appointed as Company Secretary of the Company on 3 September 2016. Mr. Wong has been informed of the requirement of the Rule 5.15 of the GEM Listing Rules, and he has confirmed that he had attained no less than 15 hours of relevant professional training during the year ended 31 March 2018. Please refer to the section "Biographical details of Directors and Senior Management" for his biographical information.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board recognizes its responsibility in evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and in ensuring that the Group establishes and maintains appropriate review on the overall adequacy and effectiveness of the Group's risk management and internal control systems, which cover financial, operational and compliance controls, to safeguard Shareholders' investment and the Group's assets. The Board oversees the overall risk management of the Group and endeavours to identify, and control impact of the identified risks and facilitate implementation of coordinated remedial measures. The principal risks and the relevant measures have been disclosed in the section headed "Principal Risks and Uncertainties" on page 7 of this report. The Group's systems of risk management and internal controls are designed to manage, but not eliminate, the risk of failure to achieve business objectives and can only provide reasonable but not absolute, assurance against the risk of material misstatement, fraud or loss.

The Group has implemented an effective internal control system. The Company has engaged an independent internal audit consultant (the "Independent Internal Audit Consultant") performed the internal audit reviews for the Group. The Independent Internal Audit Consultant has recommended an internal audit plan to the management of the Company and the Board, and assisted the Company to review the internal control system on certain selected processes for the financial year of 2018. The management of the Company agreed on the findings and adopted the recommendations accordingly.

The Board reviews the risk management and internal controls annually and has, through the Audit Committee and with the assistance of the management and external auditors, conducted a review of, and is satisfied with the effectiveness and adequacy of the risk management and internal control systems for the year ended 31 March 2018 as well as the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Company has established and maintained procedures and internal controls for the handling and dissemination inside information. 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. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and for the Board to decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the GEM Listing Rules will be announced on the respective websites of the GEM and the Company in due course.

DIRECTORS' AND EXTERNAL AUDITOR'S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparation of the financial statements which give a true and fair of the state of affairs of the Group. In preparing the financial statements for the year ended 31 March 2018, the Directors have applied applicable accounting policies, adopted appropriate accounting standards and prepared the accounts on a going concern basis.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as going concern.

The statement of external auditor about its reporting responsibilities on the consolidated financial statements is set out in the independent auditor's report on pages 43 to 47 of this annual report.

EXTERNAL AUDITOR

Deloitte Touche Tohmatsu ("Deloitte") is the external auditor of the Company. The Audit Committee is responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, which is subject to the approval by the Board and at the general meetings of the Company by its shareholders. The fee paid or payable in respect of audit services amount to HK$1,000,000 for the year ended 31 March 2018.

Non-audit services provided to the Group during the year ended 31 March 2018 mainly represented the reporting accountant's work in connection with the Listing and tax services provided by Deloitte of approximately HK$1,219,000.

SHAREHOLDERS' RIGHTS

Procedures for shareholders to convene an extraordinary general meeting ("EGM")

Pursuant to the articles of association of the Company, an EGM shall be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for shareholders to send enquiries to the Board

Shareholders may raise questions, request for publicly available information and provide comments and suggestions to the Directors and management of the Company. Such questions, requests, comments and suggestions can be addressed to the Company by post to 1/F, R&T Centre, 81-83 Larch Street, Tai Kok Tsui, Kowloon Hong Kong or via telephone at +852 2116 5252.

Procedures for shareholders to put forward proposals at shareholders' meetings

There are no provisions allowing shareholders to move new resolutions at the general meetings under the Companies Law (Revised) of Cayman Islands. However, pursuant to the articles of association, shareholders who wish to move a resolution may by means of requisition convene an EGM following the procedures set out above.

CONSTITUTIONAL DOCUMENTS

Save for the adoption of a new Memorandum and Articles of Association of the Company by a special resolution passed on 22 September 2017 and became effective on 25 October 2017 for the purpose of the Listing, there was no change in the Company's constitutional documents during the year ended 31 March 2018.

INVESTOR RELATIONS

In order to ensure timely, transparent and accurate communications between the shareholders of the Company (the "Shareholders") and the Company, in general, information is communicated to the Shareholders mainly through the Company's interim reports, annual reports and quarterly reports, general meetings, as well as the corporate communications and publications published on the website of the Stock Exchange (www.hkexnews.hk) and on the Company's website (www.lumina.com.hk).

The annual general meetings and other general meetings of the Company are the primary communication forum between the Company and the Shareholders. Shareholders are encouraged to participate in general meetings in person or to appoint proxies to attend and vote at such meetings for and on their behalf if they are unable to attend.

Board members, in particular, the chairman of the Board Committees or their delegates, appropriate senior executives and external auditor will attend the general meetings to answer the Shareholders' questions.

The chairman of the general meetings will propose to vote the resolutions (except resolutions which relate purely to procedural or administrative matters) by poll in accordance with the Articles of Association of the Company. Scrutineer will be appointed for the vote-taking at the general meetings and the voting results will be published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.lumina.com.hk) subsequent to the close of the general meetings.

Environmental, Social and Governance Report

INTRODUCTION AND APPROACH TO ESG AND REPORTING

This Environmental, Social and Governance Report (the "ESG Report") summarises the initiatives, programmes and performance of the Group as well as demonstrates its commitment to sustainability.

The core businesses of the Group are principally engaged in the design, supply and installation of fire safety systems which include evacuation and electrical fire alarm systems, water and gas suppression systems and portable fire equipment for newly built and existing buildings in Hong Kong. The Group also provides repair and maintenance services on fire safety systems to fulfill Fire Services Department's requirements. The Group also supplies fire equipment to end customers.

The Group believes that environmental protection, low carbon footprint, resource conservation and sustainable development are the key trends in society. In order to follow the key trends and pursue a successful and sustainable business model, the Group recognises the importance of integrating environmental, social and governance ("ESG") aspects into its risk management system and has taken corresponding measures in its daily operation and governance perspective.

REPORTING SCOPE

Unless stated otherwise, this report mainly covers the Group's major operating revenue activities under direct management control, including its provision of fire safety systems installation service, repair and maintenance services on fire safety systems and its sales of fire equipment.

The Group will continue to assess the major ESG aspects of different businesses to determine whether these aspects need to be included in the ESG reporting.

REPORTING FRAMEWORK

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in the Appendix 20 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (the "ESG Reporting Guide")

Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on pages 10 to 18 of this annual report.

REPORTING PERIOD

ESG Report specifics the environmental, social and governance activities, challenges and measures being taken during the year ended 31 March 2018 (the "Reporting Period").

STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their views relating to its businesses and environmental, social and governance issues. In order to understand and address the stakeholders' concerns, the Group communicates with its key stakeholders, including but not limited to employees, investors, customers, suppliers, government bodies and communities via through different channels such as conferences, electronic platforms and public events. In formulating operational strategies and ESG measures, the Group takes into account the stakeholders' expectations and strives to improve its performance through mutual cooperation with the stakeholders, resulting in creating greater value for the community.

MATERIALITY ASSESSMENT

The management and the employees who are responsible for the key functions of the Group have participated in preparing this report, assisted the Group in reviewing its operation, identifying key ESG issues and assessing the importance of these issues to our businesses and stakeholders. We have compiled a questionnaire in reference to the identified material environmental, social and governance issues to collect the information from relevant departments and business units of the Group.

The following table summarizes the Group's significant environmental, social and governance issues as set out in this report:

The Reporting Guide	Material environmental, social and governance aspects of the Group	
A. Environment		
A1. Emissions	Greenhouse Gas Emission	P. 21
	Waste Management	P. 22
A2. Use of Resources	Energy Consumption	P. 24
A3. The Environmental and Natural Resources	Environmental Impact of Projects	P. 26
B. Society		
B1. Employment	Recruitment and Remuneration	P. 26
	Work-life Balance	P. 26
	Promotion and Career Development	P. 26
	Equal Opportunity and Anti-Discrimination	P. 27
B2. Health and Safety	Safety Risks of Projects	P. 27
	Safety Training	P. 27
B3. Development and Training	Staff Development and Training	P. 28
B4. Labor Standards	Prevention of Child Labor or Forced Labor	P. 28
B5. Supply Chain Management	Supply Chain Management Structure	P. 29
	Fair and Open Procurement	P. 29
B6. Product Responsibility	Quality Management	P. 29
	Complaint and Accident Handling	P. 30
B7. Anti-Corruption	Anti-Corruption	P. 30
B8. Community Investment	Social Responsibility Education	P. 31

During the Reporting Period, the Group confirmed that appropriate and effective management policies and internal control systems for environmental, social and governance issues are in place and confirmed the information disclosed in the Report meets the ESG Reporting Guide.

CONTACT US

Comments and suggestions are welcome from our stakeholders. You may provide comments on ESG report or towards our performance in respect of sustainable development via telephone at +852 2116 5252.

A. ENVIRONMENT

A1. Emissions

General Disclosure and Key Performance Indicators ("KPI")

In order to govern the environmental management and minimize the adverse impact caused by our operations, the Group has formulated relevant policies relating to environmental management and established an environmental management system in accordance with ISO14001, which has been integrated into our daily operations. The Group is strictly committed to complying with requirements stipulated in the relevant local environmental laws and regulations.

The Group has a designated department to coordinate and implement environmental protection measures and objectives, and to address environmental issues. We have carried out a series of environmental management measures at project sites, covering planning, materials procurement and various project procedures. The Group has also adopted measures concerning noise, dust, waste, energy and carbon emissions to ensure that all business activities are strictly in compliance with local laws and regulations.

We strive to constantly improve our environmental management system, in order to minimize negative impacts on the environment.

The Group has not identified any material non-compliance of relevant environmental laws and regulations during the Reporting Period.

Exhaust Gas Emission

Due to our business nature, the Group considers the relevant air emission generated is not significant. However, we still strive to mitigate the exhaust gas generated from our production process as much as possible.

Greenhouse Gas ("GHG") Emission

The consumption of electricity at the office and petrol and diesel consumption for the vehicles are the largest sources of greenhouse gas emissions of the Group. During the Reporting Period, the Group's total GHG emissions amounted to approximately 49.07 tonnes and the total GHG emission per employee was 1.12 tonnes/employee. The detailed summary of the GHG emission is shown as below:

GHG Performance Summary

GHG Scope[1]	**Tonnes**	**Intensity – Tonnes per employee**
Direct GHG emission (Scope 1)		
– petrol and diesel consumption	17.86	0.41
Indirect GHG emission (Scope 2)		
– electricity consumption	31.21	0.71
Total GHG emission	49.07	1.12

A. ENVIRONMENT (continued)

A1. Emissions (continued)

General Disclosure and Key Performance Indicators ("KPI") (continued)

Greenhouse Gas ("GHG") Emission (continued)

Note:

1. GHG emissions data is presented in carbon dioxide equivalent and was in reference to, including but not limited to, the reporting requirements of the "GHG Protocol Corporate Accounting and Reporting Standard" issued by the World Resources Institute and the World Business Council for Sustainable Development, the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes)" and the Sustainability Report 2017 published by the CLP Power Hong Kong Limited.

We have adopted the following measures to mitigate the direct GHG emission from petrol and diesel consumption in our operations:

- Optimize operational procedure to increase the loading rate and reduce the idling rate of vehicles;

- Perform vehicle and equipment maintenance on a regular basis to prevent inefficient fuel consumption or abnormal operations; and

- Phase out substandard vehicles, purchase standardized diesel and petrol for vehicles, and conduct inspection every year to ensure that relevant emission standards are met.

Consumption of electricity is accounted as the only source indirect GHG emission. The Group has implemented measures as stated in "Energy Efficiency" of Aspect A2 below in order to reduce energy consumption, and thereby minimizing carbon footprint.

Discharges into water

We do not consume significant amounts of water through our business activities, and therefore our business activities did not generate material portion of discharges into water. The majority of the water supply and discharge facilities are provided and managed by property management company.

Waste Management

The Group adheres to the waste management principle and strives to properly manage and dispose wastes produced by our business activities. Our waste management practice has complied with the relevant laws and regulations relating to environmental protection. The non-hazardous wastes generated by the Group's operations mainly consist of paper and other types of office stationaries. During the Reporting Period, the consumption volume generated by the Group is shown as below:

Non-hazardous waste category	Quantity	Unit	Intensity – Unit per employee
Paper	423,092	Pages (printed out)	9,615.72

A. ENVIRONMENT (continued)

A1. Emissions (continued)

General Disclosure and Key Performance Indicators (“KPI”) (continued)

Waste Management (continued)

During our business operation, we consume a relatively large amount of paper for drawing and printing out the monitoring reports with photos. Therefore, we regularly monitor the consumption volume of paper and have implemented a number of reduction measures. The Group’s office has also provided suitable facilities and encouraged our staff to sort and recycle the wastes to achieve the objectives in mitigating wastes, reusing and recycling in its operations. The Group maintains high standard in waste reduction, educates our employees the significance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development.

Apart from recycling, the office has implemented various programs and activities to encourage employees to participate in waste reduction management, including:

- Promote electronic communication, such as e-mail and electronic workflows;
- Implement a new ERP system and to encourage paperless working environment;
- Place “Green Message” reminders on office equipment;
- Utilise used envelopes and double-side printing. Paper for single-side printing would only be used when handling official documents and confidential documents when necessary; and,
- Recommend the use of recycled paper.

Moreover, the procurement and disposal of office stationary serves another focus of our operational sustainability efforts. The office stationary has a great hidden environmental and social impact across its product life. The impacts arise from its production and use to eventual disposal. We have launched the following measures:

- Maximise every stationary lifespan (such as plastic binding ring, paper clip, etc.) by searching opportunities to reuse and refurbish them internally whenever feasible;
- Purchase reusable stationary whenever it is possible, such as Refillable Rollerball Pens and correction type paper; and
- Avoid single-use disposable items.

A. ENVIRONMENT (continued)

A2. Use of Resources

General Disclosure and KPI

The Group continues with initiatives to introduce resource efficiency and eco-friendly measures to the Group's operations, and is committed to optimising the use of resources in all of our business operations.

During our operation, fuel, electricity and office consumables are consumed, and the Group has established relevant policies and procedures in governing the efficient use of resources, in reference to the objective of achieving higher energy efficiency and reducing the unnecessary use of materials.

Energy Consumption

Due to the business nature of the Group, the volume of energy consumption and electricity consumption are considered as relatively low, in particular water consumption is very minimal. As mentioned in the Aspect A1, the Group has formulated policies and procedures relating to the environmental management, including energy management. Electricity consumption diesel consumption and petrol consumption account for a substantial part of the carbon emission for the Group.

During the Reporting Period, the Group's consumption in petrol and electricity were:

Energy Type	**Quantity**	**Unit**	**Intensity – Unit per employee**
Petrol	2,236	litres	50.82
Diesel	4,257	litres	96.75
Electricity	61,202	kWh	1,390.95

On top of the diesel and petrol saving measures disclosed in the Aspect A1, the Group has also conducted the following to improve the energy efficiency performance, including but not limited to:

- Encouraged employees to turn off idle equipment, computers and lightings, when not in use or after working hours;
- Monitored the energy usage on a monthly basis, along with investigating significant variance;
- Utilized natural light where possible;
- Adopted power-saving features for office equipment and computers;

A. ENVIRONMENT (continued)

A2. Use of Resources (continued)

General Disclosure and KPI (continued)

Energy Consumption (continued)

- Supported the Energy Saving Charter in 2017 imposed by the building management, including taking the following measures:

    - Maintained an average indoor temperature between 24-26°C during the summer period;

    - Switched off electrical appliances when not in use from; and

    - Procured energy efficient appliances only upon replacement of old appliances or due to new business needs.

Through adopting different energy conservation measures, the Group believes it has set a role model for corporate social responsibility. More importantly, the Group strives in cost reduction in terms of less electricity consumption in workplace in the long run.

Water Consumption and Use of Packaging Materials

The Group does not consume significant amount of water in its business activities due to its business nature. Regardless of limited water consumption, we promote behavioral changes at office and encourage water conservation. Pantry and toilets are posted with environmental messages to remind employees of water conservation, which results in enhancing our employees' awareness in water conservation.

Due to the Group's business nature and its operation are mainly based in Hong Kong, the issue in sourcing water that is fit for purpose is not relevant to the Group.

In addition, the Group has no industrial production or any factory facilities. Therefore, we do not consume significant amount of package materials for product packaging.

A3. Environment and Natural Resources

General Disclosure and KPI

The Group pursues the best practices in environment protection and focuses on the impact of the Group's businesses to the environment and natural resources. In addition to complying with the relevant environmental laws and regulations as well as properly preserve the natural environment, the Group has integrated the concept of environmental protection into its internal management and daily operations, with the aim of achieving environmental sustainability.

The Group strives to promote environmental protection and make effective use of resources. We carry out continuous monitoring if the business operations incur any potential adverse impact to the environment, and minimizes such adverse impact to the environment through promoting green office and operating environment by adopting four basic principles which comprise of reduce, reuse, recycle and replacement. Where applicable, we adopt green purchasing strategies and the most practical technologies to protect our natural resources.

A. ENVIRONMENT (continued)

A3. Environment and Natural Resources (continued)

General Disclosure and KPI (continued)

During the Reporting Period, the Group has not found any non-compliance with laws and regulations in respect of the environment and natural resources.

Environmental Impact of Projects

In order to control and mitigate the adverse environmental impacts of the projects in our operations, we have formulated a series of procedures to assess the environmental risks of the projects in accordance with the standard of ISO14001 environmental management system. Moreover, regular internal audit on the effectiveness and level of compliance of environmental management system are carried out annually. The potential environmental risks of the projects include, but not limited to noise pollution and hazardous waste discharge. Relevant measures to mitigate the corresponding environment risks of the projects have been carried out in accordance to the relevant assessment procedures.

Indoor Air Quality

Indoor air quality in our workplace is regularly monitored and measured. By conducting regular cleaning of the air conditioning system, these measures resulted in maintaining good indoor air quality and filtering out pollutants, contaminants and dust particles.

B. SOCIETY

B1. Employment

General disclosure

Human resources are the foundation in supporting the development of the Group. Hence, we established relevant policies to fulfil our vision on people-oriented management to realise the full potential of employees. The human resources managing procedures which cover resources planning, performance evaluation, training, recruitment, resignation, transfer, compensation and welfare, etc have been set out in the Staff Handbook.

During the Reporting Period, the Group is not aware of any material non-compliance with employment-related laws and regulations (i.e. Employment Ordinance) in Hong Kong that would have a significant impact on the Group.

Recruitment and Remuneration

The Group hires employees through open recruitment, fair competition and strict appraisals. Employees of the Group are remunerated at a competitive level and are rewarded according to their performance and experience. The promotion and remuneration of the Group's employees are subject to review regularly. Remuneration packages include holidays, annual leave, medical scheme, mandatory provident fund and discretionary bonus.

Work-life Balance

We value the importance of maintaining a healthy lifestyle and work-life balance of our employees. The Group actively engages its employees through different work-life balancing social activities.

Promotion and Career Development

The promotion of the Group's employees are subject to review regularly. The Group has established objective performance indicators for annual performance evaluation. Supervisor discusses the performance with employee in facilitating an effective 2-way communication for advancement. Based on the evaluation result, we offer rewards to employees in encouraging continuous improvement.

B. SOCIETY (continued)

B1. Employment (continued)

General disclosure (continued)

Equal Opportunity and Anti-Discrimination

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics, gender or age. The Group has published a Staff Handbook outlining the terms and conditions of employment, expectation for employees' conducts and behaviours, employees' rights and benefits. We establish and implement policies that promote a harmony and respectful workplace. With the aim of ensuring fair and equal protection for all employees, the Group has zero tolerance on sexual harassment or abuse in the workplace in any form.

B2. Health and Safety

General disclosure

The Group prides itself on providing a safe, effective and congenial work environment as we believe that employees are the valuable assets of an enterprise and regard human resources as its corporate wealth. To maintain a safe working environment, the Group has established safety policies and relevant procedures on the prevention and remediation of safety accidents in the projects. Our occupational health and safety management system has been implemented in compliance with the requirements of OHSAS 18001 international standards.

The Group follows the occupational health and safety guidelines recommended by Labour Department and Occupational Safety and Health Council, and regularly encourages employees to attend relevant workshops or training courses. The Human Resources and Administration Department also takes responsibilities for offices' occupational health and safety and relevant promotions and monitoring.

During the Reporting Period, the Group is not aware of any material non-compliance with health and safety-related laws and regulations (i.e. Occupational Safety and Health Ordinance) in Hong Kong that would have a significant impact on the Group.

Safety Risks of Projects

In order to control and mitigate the safety risks of the projects in our operations, we have formulated a series of procedures to assess the environmental risks of the projects in accordance with the standard of OHSAS 18001 occupational health and safety management system. Moreover, regular internal audit on the effectiveness and level of compliance of occupational health and safety management system are carried out on an annual basis. The potential safety risks of the projects include, but not limited to aloft work, etc. Relevant measures to mitigate the corresponding environment risks of the projects have been carried out in accordance to the relevant assessment procedures. For example, different types of protection equipment are provided in accordance with the conditions of the projects.

Safety Training

Employees should attend the training organised by the Group, on occupational safety and environmental control. Emergency and evacuation procedures have been established to response timely and orderly in any major safety accidents. Employees are also free to provide feedbacks on improving the workplace safety.

B. SOCIETY (continued)

B3. Development and Training

General disclosure

Staff Development and Training

The Group regards our staff as the most important asset and resource as they help to sustain its core values and culture. The Group provides its staff with training courses for upgrading skills and development as needed.

The Group encourages and supports employees to participate in personal and professional training to fulfill the needs of emerging technologies and new equipment. The Group also encourages the culture of sharing of knowledge and experience. On the other hand, we provide on-the job training for the engineers and new employees in the Group.

On the job Training provided by External Consultant Engineer

In order to enhance our employees' professional technical skills and let them keep track of the latest updates and knowledge of the modern technology in fire services installation, the Group has engaged an external consultant engineer with over 30-years' experience, who is a member of the Society of Fire Protection Engineer, to station in our office to provide on the job training and organize fire services installation related seminars periodically for our employees.

The consultant engineer also reviews the design drawings and working drawings of our projects and provides technical support to our site installation work. With the support of this well-experienced engineer, we train up skillful and professional engineers for the Group with the aim of providing better service to our customers.

Moreover, the Group have made good use of its internal resources to organize various forms of training for its employees in Hong Kong which include management, customer services and professional knowledge.

B4. Labour Standards

General disclosure

Prevention of Child Labor or Forced Labor

Child and forced labour is strictly prohibited during the recruitment process. The Group have complied with the local laws and conducts recruitment based on the Hong Kong Employment Ordinance during the reporting period. Personal data are collected during the recruitment process to assist in the selection of suitable candidates and to verify candidates' of personal data. The Human Resources Department also ensures identity documents are carefully checked. If violation is involved, it will be dealt with in the light of the circumstances as clearly stated in the Group's Staff Handbook.

During the Reporting Period, the Group is not aware of any material non-compliance with child and forced labour-related laws and regulations (including but not limited to: Employment of Children Regulations, Employment Ordinance, etc.) in Hong Kong that would have a significant impact on the Group.

B. SOCIETY (continued)

B5. Supply Chain Management

General disclosure

We understand the importance of supply chain management in mitigating the indirect environmental and social risks. We are aware of the environmental and social practices of the suppliers, and try to engage suppliers with responsible acts to the society in view of green supply chain management.

Supply Chain Management Structure

In order to ensure that our suppliers and sub-contractors have met customers' and our requirements regarding quality, environmental and safety standards, we have formulated standards and stringent procedures in selecting suppliers and sub-contractors. Suppliers' and contractors' environmental and social performances are considered as selection criterions for establishing long-term relationship. Our project directors maintain an approved list of suppliers and subcontractors. Assessments are carried out on our suppliers and sub-contractors by our project directors and managing director on a regular basis. The materials purchased from suppliers and works performed by subcontractors will be checked and monitored on a regular basis. Suppliers or sub-contractors may be suspended or removed from the approved list if they fail to fulfill our standards. The supplier relationship may also be terminated in the event of any substantial violation of environmental and labour laws and regulations. The performance of suppliers is examined on a regular basis.

Fair and Open Procurement

We have also formulated procedures to ensure that the suppliers and the sub-contractor could participate in competitions in an open and fair way. The Group should not have differentiated or discriminated treatment on certain suppliers and sub-contractors. It would strictly monitor and prevent all kinds of business bribery. Employees or personnel having any conflict of interest relationship with the supplier should not be involved in the related business activity.

B6. Product Responsibility

General disclosure

Achieving and maintaining high quality standard for projects are utmost important for sustainable growth of the Group. We believe completing works that meet or exceed our customer's requirements is crucial not only for building safety, but also for job reference and future business opportunities. In order to ensure that we deliver high quality services and sustainable projects to our customers, the process of projects is controlled and monitored regularly. The Group has been in strict compliance with related laws and regulations in Hong Kong during the Reporting Period.

During the Reporting Period, we are not aware of any material non-compliance with laws and regulations that have a significant impact on the Group, concerning health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

Quality Management

We have established a formal quality management system in accordance with the requirements of ISO 9001, OHSAS 18001 and ISO 14001 to develop a sustainable performance oriented culture to pursue continuous improvement on quality rather than adopting a short-term and project based approach. Process control procedures have also been established to ensure that our works meet the contractual specification and the environmental, health and safety requirements. To pursue further improvement, our quality management system is reviewed at least annually by the management.

B. SOCIETY (continued)

B6. Product Responsibility (continued)

General disclosure (continued)

To ensure our works complying with the required standards, we normally assign a project coordinator on a full-time basis at each of the project sites to monitor the quality of works performed by our own frontline staff and our subcontractors. The project team who generally makes daily visits to the project sites is responsible to monitor the quality and the progress of works and to ensure that works are completed according to schedule.

Complaint and Accident Handling

The Group has formulated Compliant/Accident Handling Procedure in accordance to the ISO 9001, OHSAS 18001 and ISO 14001 to ensure that any complaints and comments to the Group are effectively handled. The persons in charge of the procedure are responsible to handle any complaints and accidents. After receiving a complaint, the Group will first communicate with the complainant to collect relevant information and evidences to investigate and verify the truth of the accident and set the time limit for the reply at the same time. After the investigation, we will inform the investigation result to the complainant and take corrective actions if any problems are found.

B7. Anti-Corruption

General disclosure

The Group strives to achieve high standards of ethics in our business operations. Fraudulent events such as corruption, bribery, and collusion are strictly prohibited. Employees should comply with the rules stated in the Staff Handbook in performing business activities, and they should report to the management if they suspect any professional misconduct. In order to enhance employees' awareness on anti-corruption, seminars are conducted with the help of ICAC (Independent Commission Against Corruption) on a regular basis for all levels of staff.

During the Reporting Period, the Group is not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering.

Regulations on Anti-Corruption

The Group does not allow any form of corruption. The Group has strict internal control systems governing anti-corruption. Regulations are formulated and all employees must comply with it, including but not limited to:

- All Directors and employees should avoid conflicts between personal interests and their professional functions;
- Employees shall declare any conflicts of interest to the Group's Human Resources Department;
- Neither Directors nor employees shall obtain benefits from or provide benefits to the customers, contractors, suppliers or persons with business relations with the Group; and
- Employees are strictly prohibited from using their powers to influence the Group's decisions and actions, or accessing the Group's assets and information for private or personal benefits.

B. SOCIETY (continued)

B7. Anti-Corruption (continued)

General disclosure (continued)

Whistleblowing Mechanism

The Group adopts a whistleblowing policy and procedures for all levels and operations. Staff can raise concerns, in confidence, about possible improprieties such as misconduct and malpractice in any matter related to the Group. These policies and procedures can be found in the employee Staff Handbook. Reports and complaints received will be handled in a prompt and fair manner. Such policy also aims at protecting whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions.

B8. Community Investment

General disclosure

As part of the Group's strategic development, we are committed to support the public by the means of social participation and contribution, and to nurture the corporate culture and practices of corporate citizen in our daily operation. We aim to promote the stability of the society, and support underprivileged on rehabilitation to improve the quality of life. We also focus to inspire our employees towards social welfare concerns. We would embrace the human capital into the social management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group.

Social Responsibility Education

The Group encourages employees to participate in charity events, volunteer works, and environmental protection activities in order to make contributions to our society. We believe that through personally participating in these activities that contribute to the community, our staff could build up positive value and finally be socially responsible citizen.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. FOK Hau Fai (霍厚輝), aged 47, was appointed as our Director on 7 July 2016 and was redesignated as an Executive Director and appointed as the chairman, chief executive officer and compliance officer of our Company on 3 September 2016. He is the chairman of the Nomination Committee.

Mr. Fok has over 20 years of experience in the fire safety service industry and is the founder of our Group. He is responsible for our overall strategic planning, business development and operational management.

Mr. Fok obtained a Diploma in Mechanical Engineering (Computer-aided Engineering) from the Vocational Training Council in August 1992. He subsequently obtained a Higher Certificate in Building Services Engineering and a Bachelor's Degree in Building Services Engineering (Fire Engineering) from The Hong Kong Polytechnic University in November 1996 and November 2001 respectively.

Mr. SUNG Sing Yan (宋聖恩), aged 57, was appointed as our Executive Director on 3 September 2016. He is member of each of the Risk and Technical Committee and the Remuneration Committee.

Mr. Sung has over 30 years of experience in the fire safety service industry and has been the general manager of Kin Ying Contracting Limited since August 2005. He is in charge of the Repairs and Maintenance Department of the Group where he is responsible for its daily operational management.

Ms. WU Xiaorong (吳小榮), aged 38, was appointed as our Executive Director on 24 January 2018. Ms. Wu participates in formulating the corporate and business strategies of the Group and to expand the Group's business under her network.

Ms. Wu has extensive business connections in the People's Republic of China (the "PRC"). She founded Zhejiang Lianmai Business Limited in July 2015, a company in the PRC which operates a supermarket chain, where she is currently the executive director, general manager and legal representative of the company. In September 2017, Ms. Wu co-founded Zhonghe Shenyi Holdings Limited, a company in the PRC whose scope of operation includes, inter alia, investment and property management, where she is currently the executive director, general manager and legal representative of the company. Ms. Wu is also currently the executive director and legal representative of Shanghai Shenyi Biological Technology Limited, a subsidiary of Zhonghe Shenyi Holdings Limited in the PRC whose scope of service includes research and development and provision of technical consultation in the biotechnology field.

Independent Non-executive Directors

Mr. HUNG Kin Sang (熊健生), aged 46, was appointed as our Independent Non-executive Director on 22 September 2017. He is the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee.

Mr. Hung has over 20 years of sales and marketing experience and is currently a sales and marketing director of the Hong Kong subsidiary of a Swiss-based company specialising in the manufacture and sales of watch movements.

Mr. Hung obtained a Bachelor's Degree in Business Studies from the City Polytechnic of Hong Kong (currently known as the City University of Hong Kong) in November 1993.

Mr. LEE Yin Sing (李彥昇), aged 38, was appointed as our Independent Non-executive Director on 22 September 2017. He is the chairman of the Audit Committee and a member of the Nomination Committee.

Mr. Lee has over 10 years of experience in financial control, accounting and corporate governance practices and procedures in Hong Kong and is currently the chief financial officer and company secretary of Grand Concord International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 844).

Mr. Lee obtained a Bachelor's Degree in Accountancy from the City University of Hong Kong in November 2002. He has been a member of the Hong Kong Institute of Certified Public Accountants since April 2008.

Mr. WAN Chun Kwan (溫雋軍), aged 42, was appointed as our Independent Non-executive Director on 22 September 2017. He is a member of each of the Audit Committee and Remuneration Committee and the chairman of the Risk and Technical Committee.

Mr. Wan has over 20 years of experience in the engineering industry and is currently the senior manager of a company listed on the Main Board of the Stock Exchange which engages in the development and operation of hotels, gaming and integrated resort facilities in Macau.

Mr. Wan obtained a Bachelor's Degree in Building Services Engineering (Fire Engineering) and a Master's Degree in Project Management from The Hong Kong Polytechnic University in November 2001 and November 2010 respectively.

Mr. Wan is currently (i) a member of the Chartered Institution of Building Services Engineers in the United Kingdom; (ii) a fellow member of the Society of Operations Engineers; and (iii) a member of the Institution of Plant Engineers. He is also registered as a chartered engineer by The Engineering Council (UK).

SENIOR MANAGEMENT

The following are the senior management team of the Group:

Mr. WONG Chi Chiu (黃智超), aged 47, has been the project director of our Group since January 2016. He is a member of the Risk and Technical Committee.

Mr. Wong has over 20 years of experience in the engineering industry and is primarily responsible for our operation management, in particular on project tendering, design, contract administration and project management.

Since January 2014, Mr. Wong has been an independent non-executive director of Perfect Optronics Limited, a company listed on GEM (stock code: 8311) which engages in the trading of display panels and optic products.

Mr. Wong obtained a Bachelor's Degree in Electrical Engineering from the Hong Kong Polytechnic (currently known as the Hong Kong Polytechnic University) and a Master's Degree in Building Services Engineering from The University of Hong Kong in November 1993 and December 2004 respectively.

Mr. Wong has been admitted as (i) a Chartered Electrical Engineer and a member of the Institute of Engineering and Technology (formerly known as the Institution of Electrical Engineers) in the United Kingdom since March 1998; (ii) a Chartered Engineer (CEng) of the Engineering Council in the United Kingdom since April 1998; (iii) a registered professional engineer in the electrical discipline of the Engineers Registration Board since July 1999; (iv) a member of the Hong Kong Institution of Engineers since May 1998; and (v) a member of Chartered Institute of Plumbing and Heating Engineering (formerly known as the Institute of Plumbing) in the United Kingdom since December 2000.

Mr. CHEUNG Tsz Wing (張子榮), aged 41, joined our Group in April 2008 and is our assistant project manager.

Mr. Cheung has about 13 years of experience in the engineering industry and is responsible for assisting our Directors on the daily operation of our Repair and Maintenance Department, including liaising with customers for work schedule, materials procurement and engagement with subcontractors. He also oversees the safety measure and quality control of our fire safety system installation services.

Mr. Cheung obtained (i) a Diploma in Mechanical Engineering (Computer-aided Engineering) from the Vocational Training Council in July 1997; (ii) a Higher Certificate in Mechanical Engineering from the Hong Kong Technical Colleges in July 2000; and (iii) a Higher Diploma in Management of Building Services Engineering from the Vocational Training Council in July 2007.

Mr. CHIANG Hsien Kuo (姜先國), aged 41, joined our Group in June 2009 and is our assistant project manager.

Mr. Chiang had over 15 years of experience in the engineering industry and is responsible for assisting our project director on the daily operation of the Group, including preparation of tenders, managing and supervision of our fire safety system installation services.

Mr. Chiang obtained a Higher Diploma in Mechanical Engineering from the Vocational Training Council in July 2002 and a Bachelor of Engineering Degree in Mechanical Engineering from The Hong Kong Polytechnic University in December 2007.

Mr. WONG Chi Wai (黃智威), aged 35, has been the financial controller of our Group since May 2016. He was appointed our Company Secretary on 3 September 2016.

Mr. Wong has over 10 years of experience in financial control and accounting practices in Hong Kong and is primarily responsible for the financial reporting, financial planning, internal control and corporate secretarial practices and procedures of our Group.

Mr. Wong obtained a Bachelor of Business Administration Degree majoring in Accountancy from the City University of Hong Kong in November 2007. He has been a member of the Hong Kong Institute of Certified Public Accountants since January 2012 and is the Certified Public Accountant (Practicing) in Hong Kong since January 2018.

Report of Directors

The Directors are pleased to present their annual report and audited consolidated financial statements for the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2018.

CORPORATE REORGANISATION AND LISTING

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 July 2016 under the Companies Law, Cap. 22 (Law 3 of 1961) as consolidated and revised of the Cayman Islands (the "Companies Law").

The companies now comprising the Group underwent a reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the Listing. Pursuant to the Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" in the Prospectus of the Company dated 29 September 2017. The Shares were listed on the GEM of the Stock Exchange on 25 October 2017.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The Group is principally engaged as the provision of fire safety services in Hong Kong. A list of the subsidiaries of the Company and details of their principal activities of are set out in note 29 to the consolidated financial statements. There were no significant changes to the Group's principal activities during the year.

For discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), including a fair review of business, discussion of the principal risks and uncertainties facing by the Group, its key relationship with employees, customers, suppliers and subcontractors, an indication of likely future developments in the Group's business and an analysis of the Group's performance during the year using financial key performance indicators, can be found in sections headed "Management Discussion and Analysis" set out on pages 4 to 9 of this annual report and the discussion of its environmental policies and performance, can be found in section headed "Environmental, Social and Governance Report" set out on page 19 to 31 of this annual report.

COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

For the year ended 31 March 2018, the Group's operations are carried out in Hong Kong. The Group accordingly must comply with relevant laws and regulations in Hong Kong and the respective places of incorporation of the Company and its subsidiaries. During the year and up to the date of this annual report, the Board was not aware of any noncompliance with relevant laws and regulations that have a significant impact on the business and operations of the Group.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2018 are set out in the consolidated statement of profit or loss and other comprehensive income on page 48 of this annual report.

The Board did not recommend the payment of final dividend of the Company for the year ended 31 March 2018 to the Shareholders.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four years, as extracted from the consolidated financial statements and the Prospectus, is set out on page 86 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY AND EQUIPMENT

Details of the movements during the year ended 31 March 2018 in the property and equipment of the Group are set out in note 13 to the consolidated financial statements of this annual report.

SHARE CAPITAL

Details of movements during the year ended 31 March 2018 in the share capital of the Company are set out in note 20 to the consolidated financial statements.

SHARE OPTION SCHEME

Prior to the Listing, the Company conditionally adopted a share option scheme (the "Share Option Scheme") on 22 September 2017 which became effective and unconditional upon the Listing. The purpose of the Share Option Scheme is to enable the Group to grant options to the Eligible Persons (as defined in the Prospectus of the Company) as rewards or incentives for their contribution to the Group.

The Board may, at its absolute discretion, offer an option to the Eligible Persons to subscribe for the shares of the Company at an exercise price and subject to the other terms of the Share Option Scheme. The total number of shares of the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company shall not in aggregate exceed 60,000,000 shares of the Company, being 10% of the total number of shares in issue at the time dealings in the shares first commence on the Stock Exchange and there was no change in the total number of shares of the Company available for issue under the Share Option Scheme and the percentage of the issued share capital that it represented as at the date of this report.

The total number of shares of the Company issued and to be issued upon exercise of the options granted to or to be granted to each Participant (as defined in the Prospectus of the Company) under the Share Option Scheme and any other schemes of the Company or any of its subsidiaries (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the shares in issue. The Share Option Scheme will remain in force for a period of 10 years. Under the Share Option Scheme, each option has a 10-year exercise period unless otherwise determined by the Board.

The exercise price for the shares of the Company subject to Share Option Scheme will be a price determined by the Board and notified to each Participant and shall be the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant of the share options, which must be a trading day of the Stock Exchange; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the five trading days of the Stock Exchange immediately preceding the date of grant of the share options; and (iii) the nominal value of a share of the Company.

Further details of the Share Option Scheme are contained in the section headed "Statutory and General Information — D. Share Option Scheme" in Appendix IV to the Prospectus.

No share option has been granted, exercised, expired, cancelled or lapsed pursuant to the Share Option Scheme since its adoption by the Company and up to 31 March 2018.

RESERVES

Details of the movements in the reserves of the Company and the Group during the year are set out in note 30 to the consolidated financial statements and the consolidated statement of changes in equity on page 50 of this Annual Report, respectively.

As at 31 March 2018, the Company's reserve available for distribution to the shareholders, calculated in accordance with the Companies Law Cayman Islands amounted to approximately HK$51,344,000.

EQUITY LINKED AGREEMENT

Save and except for the Share Option Scheme as disclosed in the paragraph headed "SHARE OPTION SCHEME" above, no equity-linked agreement that (i) will or may result in the Company issuing shares or (ii) requires the Company enter into any agreement that will or may result in the Company issuing shares, was entered into by the Company during the year ended 31 March 2018 or subsisted at the end of the year.

MAJOR CUSTOMERS, SUPPLIERS AND SUB-CONTRACTORS

In the year under review, the Group's five largest customers accounted for approximately 62.1% (2017: 60.0%) of the Group's total revenue. The Group's largest customer accounted for approximately 12.5% (2017: 17.8%) of the Group's total revenue.

In the year under review, the Group's five largest suppliers accounted for approximately 21.8% (2017: 18.0%) of the Group's total direct costs. The Group's largest supplier accounted for approximately 6.9% (2017: 6.4%) of the Group's total direct costs.

In the year under review, the Group's five largest sub-contractors accounted for approximately 51.0% (2017: 61.6%) of the Group's total direct costs. The Group's largest sub-contractor accounted for approximately 14.1% (2017: 14.4%) of the Group's total direct costs.

None of the Directors or any of their associates (as defined under the GEM Listing Rules) or any shareholders (which, to the best knowledge of the Directors, owns more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers, five largest suppliers or five largest sub-contractors during the year ended 31 March 2018.

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 March 2018 are set out in note 22 to the consolidated financial statements in this annual report. Such related party transactions do not fall under the definition of connected transactions or continuing connected transaction under Chapter 20 of the GEM Listing Rules.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year, the Group has not entered into any connected transactions or continuing connected transactions that are not exempted under the GEM Listing Rules. The Board confirms that the Company has complied with the applicable disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

DIRECTORS

The Directors during the year ended 31 March 2018 and up to the date of this report were:

Executive Directors

Mr. Fok Hau Fai *(Chairman)*
Mr. Sung Sing Yan
Ms. Wu Xiaorong (Note 1)

Independent Non-executive Directors (Note 2)

Mr. Hung Kin Sang
Mr. Lee Yin Sing
Mr. Wan Chun Kwan

Notes:

(1) Ms. Wu Xiaorong was appointed as an Executive Director of the Company on 24 January 2018.

(2) Mr. Hung Kin Sang, Mr. Lee Yin Sing and Mr. Wan Chun Kwan were appointed as Director of the Company with effect from 22 September 2017.

Information regarding Directors' emoluments is set out in note 7 to the consolidated financial statements.

In accordance with Articles 108(a) and 112 of the Company's Articles of Association, all the Directors will retire by rotation and be eligible to offer themselves for re-election at the forthcoming annual general meeting.

An annual confirmation of independence pursuant to the requirements under Rule 5.09 the GEM Listing Rules has been received from each of the INEDs.

BIOGRAPHICAL DETAILS OF DIRECTORS AND CHANGES IN INFORMATION OF DIRECTORS

Brief biographical details of the Directors including the changes in the Directors' information subsequent to the date of the Prospectus issued on 29 September 2017 are included in the biographical details are set out on pages 32 to 34 of this annual report.

DIRECTORS' SERVICES CONTRACTS

Each of the Executive Directors has entered into a service agreement with Company for an initial term of three years commencing from the Listing Date and will continue thereafter unless and until terminated by the Company or Director or the Director has not been re-elected as a Director of the Company or has been removed by shareholders of the Company at any of its general meeting or is disqualified from acting as a Director of the Company in accordance with the articles of association of the Company. Each INEDs was appointed under a letter of appointment for a fixed term of three years commencing from the Listing Date unless terminated by the Company or the Director in accordance with the terms as set out in the letter of appointment.

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming AGM has or is proposed to have a service contracts with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment compensation, other than the statutory compensation.

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares or Debentures

As at 31 March 2018, the interests and short positions of the Directors and chief executive of the Company in the Shares, the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interest or short positions which any such Director or chief executive was taken or deemed to have under such provision of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to standard of dealings by Directors referred in Rule 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) Long position in the shares

Name of Director	Nature of Interest	Number of the Shares held/ interested in	Percentage of Shareholding
Mr. Fok (Note)	Interest in a controlled corporation	427,500,000	71.3%

Note: These shares are registered in the name of Foxfire Limited ("Foxfire"), a Company which is wholly owned by Mr. Fok. Under the SFO. Mr. Fok is deemed to be interested in all the shares registered in the name of Foxfire.

(ii) Long position in the ordinary shares of associated corporations

Name of Director	Name of associated corporation	Nature of Interest	Number of the Shares held/ interested in	Percentage of Shareholding
Mr. Fok	Foxfire	Beneficial owner	1	100%

Save as disclosed above, as at 31 March 2018, none of the Directors nor chief executive of the Company has registered any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register refereed to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to Rule 5.46 to 5.67 of the GEM Listing Rules.

B. Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

So far as the Directors are aware, as at 31 March 2018, the following persons (other than the Directors or chief executive of the Company) or companies interested in 5% or more of the issued share capital of the Company which were recorded in the register of interests required to be kept by the Company under Section 336 of the SFO, or to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO and the GEM Listing Rules:

Name of Shareholder	Nature of Interest	Number of the Shares held/ interested in	Long/short position	Percentage of Shareholding
Foxfire (Note)	Beneficial owner	427,500,000	Long position	71.3%

Note: These Shares are in duplicate the interest held by Mr. Fok as set out above.

Save as disclosed above, as at 31 March 2018, the Directors were not aware of any other persons or companies who had any interest or short position in the Shares, underlying Shares or debenture of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme adopted on 22 September 2017, during the Relevant Period, the Company or any of its subsidiaries was not a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

As at 31 March 2018, none of the Directors or chief executives of the Company held any share options of the company.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS, CONTRACTS OF SIGNIFICANCE

Save as disclosed in the Prospectus and elsewhere in this annual report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Director or an entity connected the Director had a material interest, whether directly or indirectly, subsisted at any time during the year ended 31 March 2018.

CONTROLLING SHAREHOLDERS' INTERESTS

Save as disclosed in this annual report, there were no contract of significance between the Company or any of its subsidiaries and any controlling Shareholder or any of its subsidiaries or any contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

EMOLUMENTS OF THE DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of Directors and the five highest paid individuals of the Group are set out in note 7 to the consolidated financial statements in this annual report.

EMOLUMENT POLICY

The Remuneration Committee is set up for reviewing the Group's emolument policy and structure for making recommendation to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group. The remunerations of the Directors are determined by reference to the Group's operating results, comparable market statistics, the responsibilities and duties assumed by each Director as well as their individual performance.

COMPETING INTERESTS

The Directors are not aware of any business or interest of Directors nor the controlling shareholder of the Company nor any of their respective close associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any conflicts of interests which any such person has or may have with the Group during the year ended 31 March 2018.

INTEREST OF COMPLIANCE ADVISER

As at the date of this report, except for the compliance adviser agreement entered into between the Company and CLC International Limited ("CLC") dated 28 September 2017, neither CLC nor any of its directors, employees or close associates had any interests in relation to the Group which requires to be notified to the Company pursuant to Rule 6A.32 of GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save for the Share Offer, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities after the Listing Date and up to the date of this report.

PERMITTED INDEMNITY PROVISIONS

Every Director shall be entitled under the Company's Articles to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him or her as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favour, or in which he or she is acquitted. Such provision was in force since the adoption of the Articles upon the Listing Date and remains in force as at the date of this report.

The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against the Directors.

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on the information that is publicly available to the Company, not less than 25% of the Company's issued capital were held by public as at the date of this report.

AUDITOR

The consolidated financial statements for the year ended 31 March 2018 have been audited by Deloitte Touche Tohmatsu ("Deloitte"). Deloitte shall retire in the forthcoming AGM and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Deloitte as auditor of the Company will be proposed at the AGM.

CORPORATE GOVERNANCE

Details of the corporate governance of the Company are set out in the section headed "Corporate Governance Report" on pages 10 to 18 of this annual report.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands which oblige the Company to offer new shares on a pro rata basis to existing shareholders.

MANAGEMENT CONTRACTS

No contracts concerning management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 March 2018.

CHARITABLE DONATIONS

During the year ended 31 March 2018, our Group did not make any charitable or other donations.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 31 March 2018 and up to the date of this report.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain the entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 31 July 2018 to Friday, 3 August 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. Shareholders of the Company are reminded to ensure all properly executed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 pm on Monday, 30 July 2018.

On behalf of the Board
Lumina Group Limited
Fok Hau Fai
Chairman

Hong Kong, 26 June 2018

Deloitte. 德勤

TO THE SHAREHOLDERS OF LUMINA GROUP LIMITED
(Incorporated in Cayman Islands as an exempted company with limited liability)

OPINION

We have audited the consolidated financial statements of Lumina Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 48 to 85, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue and costs recognition for engineering service contracts and amounts due from /to customers for contract work	
We identified the recognition of revenue and costs for engineering service contracts for income from the fire safety system installation services and amounts due from/to customers for contract work as a key audit matter due to the use of judgment and estimates by management in determining the stage of completion and the budget costs of engineering service contracts in progress. The contract revenue generated from engineering service contracts amounting to approximately HK$88,730,000 was recognised in the profit or loss during the year ended 31 March 2018. As disclosed in note 16 to the consolidated financial statements, the carrying amounts of amounts due from and due to customers for contract work were approximately HK$21,537,000 and HK$4,029,000 respectively. The Group recognised contract revenue, direct costs and amounts due from/to customers for contract work by reference to the stage of completion of the contract activity at the end of each reporting period. As set out in note 5 to the consolidated financial statements, the management exercises judgements in estimating the total contract costs, which are prepared by the management on the basis of quotations provided by the major subcontractors, suppliers or vendors involved. The actual outcomes of contracts in terms of total cost may be higher or lower than estimated, which would affect the profit or loss to be recognised, as well as the carrying amount of amounts due from/to customers for contract work.	Our procedures in relation to the revenue and costs recognition for engineering service contracts and amounts due from/to customers for contract work included: • understanding and evaluating management's process in estimation of the contract revenue, budget cost and determination of completion status of the engineering service contracts; • agreeing the total contract value to the contracts and variation orders, if any, to agreements or other correspondence, on a sample basis; • evaluating the reasonableness of estimated total contract costs to be incurred by checking against the agreements, quotations or other correspondences provided by subcontractors, suppliers or vendors, on a sample basis; • evaluating the reasonableness of costs from engineering service recognised to date by: – checking to the supporting documents including the certificates and invoices issued by the subcontractors/suppliers/vendors and their correspondences issued to evaluate progress of respective projects, on a sample basis; – discussing with the management of the Group to understand the status of respective engineering service contracts, and to evaluate the reasonableness of contract costs recognised based on the size and duration of the projects, on a sample basis; and

Key audit matter	How our audit addressed the key audit matter
Revenue and costs recognition for engineering service contracts and amounts due from /to customers for contract work (continued)	
	• checking the accuracy of the amounts due from/to customers for contract works by agreeing the amount of contract costs recorded to supplier invoices or other correspondences and progress billings to invoices issued to customers, on a sample basis.
Impairment assessment on trade receivables	
We identified the impairment assessment of trade receivables as a key audit matter due to the use of judgment and estimates by management in assessing the recoverability of trade receivables. As disclosed in note 14 to the consolidated financial statements, the carrying amount of trade receivables was HK$14,642,000 as at 31 March 2018. During the year ended 31 March 2018, the Group recognised net allowance for bad and doubtful debts of HK$186,000. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the customer from the date credit was initially granted up to the end of the reporting period. The Group has a policy of allowance for bad and doubtful debts which is based on the evaluation of collectibility and ageing analysis of the accounts of each customer and on management's judgement including the creditworthiness and the past collection history of each customer.	Our procedures in relation to the impairment assessment on trade receivables included: • understanding and evaluating the basis used by management in determining the recoverability of trade receivables, which is by making reference to ageing analysis of trade receivables and creditworthiness and the past collection history of each customer; • assessing the accuracy of the ageing analysis by checking to the original invoices issued by the Group, on a sample basis; • examining subsequent settlements records of trade receivables to supporting documents including bank records, on a sample basis; and • assessing the recoverability of overdue trade receivables without subsequent settlement by analysing creditworthiness and past collection history of the customers and inquiring of management on the follow up plans.

OTHER INFORMATION

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chau Chi Ka.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26 June 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2018

	Notes	Year ended 31 March 2018 HK$'000	2017 HK$'000
Revenue	6	**102,076**	91,525
Direct costs		**(69,617)**	(61,685)
Gross profit		**32,459**	29,840
Bank interest income		**417**	1
Other losses		**(186)**	(55)
Administrative expenses		**(9,104)**	(5,750)
Listing expenses		**(8,270)**	(7,435)
Finance cost	8	**(53)**	(19)
Profit before taxation	9	**15,263**	16,582
Income tax expense	10	**(3,907)**	(4,012)
Profit and total comprehensive income for the year		**11,356**	12,570
Profit and total comprehensive income for the year attributable to			
– Owners of the Company		**11,356**	12,269
– Non-controlling interest		**–**	301
		11,356	12,570
Earnings per share			
Basic (HK cents)	12	**2.21**	2.76

Consolidated Statement of Financial Position

As at 31 March 2018

	Notes	**2018 HK$'000**	2017 HK$'000
Non-current assets			
Property and equipment	13	**891**	583
Deposits	15	**457**	179
		1,348	762
Current assets			
Trade receivables	14	**14,642**	11,607
Deposits and prepayments	15	**632**	2,491
Amounts due from customers for contract work	16	**21,537**	12,585
Tax recoverable		**33**	–
Pledged bank deposits	17	**1,078**	881
Bank balances	17	**67,862**	11,276
		105,784	38,840
Current liabilities			
Trade payables	18	**4,198**	7,768
Other payables and accrued charges	19	**2,293**	1,514
Amounts due to customers for contract work	16	**4,029**	1,834
Tax payable		**–**	2,893
		10,520	14,009
Net current assets		**95,264**	24,831
Net assets		**96,612**	25,593
Capital and reserves			
Share capital	20	**6,000**	–
Reserves		**90,612**	25,593
Total equity		**96,612**	25,593

The consolidated financial statements on pages 48 to 85 were approved and authorised for issue by the Board of Directors on 26 June 2018 and are signed on its behalf by:

Fok Hau Fai
DIRECTOR

Sung Sing Yan
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2018

	Attributable to owners of the Company						
	Share capital HK$'000	**Share premium** HK$'000	**Other reserve** HK$'000	**Accumulated profits** HK$'000	**Total** HK$'000	**Non-controlling interest** HK$'000	**Total equity** HK$'000
At 1 April 2016 (note (i))	–	–	620	12,403	13,023	–	13,023
Profit and total comprehensive income for the year	–	–	–	12,269	12,269	301	12,570
Change in shareholding in subsidiaries without losing control (note (ii))	–	–	(920)	–	(920)	920	–
Transfer upon completion of reorganisation (note (iii))	–	–	1,221	–	1,221	(1,221)	–
At 31 March 2017	–	–	921	24,672	25,593	–	25,593
Profit and total comprehensive income for the year	–	–	–	11,356	11,356	–	11,356
Capitalisation issue (note 20 (iv))	4,500	(4,500)	–	–	–	–	–
Issue of shares upon share offer (note 20 (v))	1,500	67,500	–	–	69,000	–	69,000
Transaction costs directly attributable to issue of shares	–	(9,337)	–	–	(9,337)	–	(9,337)
At 31 March 2018	6,000	53,663	921	36,028	96,612	–	96,612

Notes:

(i) The other reserve represents the difference between the share capital of Kin Ying Contracting Limited ("KY Contracting") and Kin Ying F.S. Engineering Limited ("KY Engineering") and that of Golden Second Limited ("Golden Second") issued pursuant to a group reorganisation as stated in note 2(ii).

(ii) On 24 June 2016, Team Vantage Limited ("Team Vantage"), an independent third party and a limited company incorporated in the Republic of Seychelles, entered into a sale and purchase agreement with Mr. Fok Hau Fai ("Mr. Fok"), the controlling shareholder of the Group, pursuant to which Mr. Fok transferred 50 shares of Golden Second to Team Vantage at the consideration of HK$5,000,000. Following the completion of the share transfer, Golden Second was owned as to 95.0% by Mr. Fok and 5.0% by Team Vantage.

(iii) On 30 September 2016, the Company acquired the entire issued share capital of Golden Second from Mr. Fok and Team Vantage in consideration of the allotment and issue 94 shares to Foxfire Limited ("Foxfire"), the immediate holding company of the Company, and 5 shares to Team Vantage. Upon the completion of transfer, Golden Second became a wholly-owned subsidiary of the Company.

Consolidated Statement of Cash Flows

For the year ended 31 March 2018

	Year ended 31 March	
	2018	2017
	HK$'000	HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**15,263**	16,582
Adjustments for:		
Depreciation of plant and equipment	**183**	161
Allowance for bad and doubtful debts, net	**186**	55
Interest income	**(417)**	(1)
Finance cost	**53**	19
Operating cash flows before movements in working capital	**15,268**	16,816
Increase in amounts due from/to customers for contract work, net	**(6,757)**	(2,377)
Increase in trade receivables	**(3,221)**	(1,769)
Increase in deposits and prepayments	**(734)**	(2,534)
(Decrease) increase in trade payables	**(3,570)**	3,897
Increase (decrease) in other payables and accrued expenses	**779**	(591)
Cash generated from operations	**1,765**	13,442
Income tax paid	**(6,833)**	(4,341)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(5,068)**	9,101
INVESTING ACTIVITIES		
Bank interest received	**417**	1
Purchases of property and equipment	**(491)**	(478)
Withdrawal of pledged bank deposits	**25**	48
Placement of pledged bank deposits	**(222)**	(856)
NET CASH USED IN INVESTING ACTIVITIES	**(271)**	(1,285)
FINANCING ACTIVITIES		
New bank borrowing raised	**2,500**	2,000
Repayment of a bank borrowing	**(2,500)**	(2,000)
Proceeds from issue of shares of the Company	**69,000**	–
Transaction costs directly attributable to issue of shares	**(7,022)**	–
Interest paid	**(53)**	(19)
Repayment to a director	**–**	(2,690)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**61,925**	(2,709)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**56,586**	5,107
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**11,276**	6,169
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTED BY BANK BALANCES	**67,862**	11,276

1. GENERAL

Lumina Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 7 July 2016 and its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 25 October 2017. The addresses of the Company's registered office and the principal place of business are disclosed in the Corporate Information section of the annual report.

The Company's immediate and ultimate holding company is Foxfire, a private company incorporated in the British Virgin Islands (the "BVI") and wholly owned by Mr. Fok.

The Company is an investment holding company and its subsidiaries are principally engaged in provision of fire safety services in Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

In preparation of the listing of the Company's shares on GEM of the Stock Exchange (the "Listing"), the companies comprising the Group underwent the reorganisation (the "Reorganisation") described below.

(i) Golden Second was incorporated with limited liability under the laws of the BVI on 15 March 2016. As at the date of incorporation, Golden Second was authorised to issue a maximum of 50,000 shares with a par value of United States Dollar ("USD") 1.00 each. On 23 March 2016, Golden Second allotted and issued as fully paid one share to Mr. Fok.

(ii) On 24 March 2016, Mr. Fok further transferred his entire issued shares of each of KY Contracting and KY Engineering to Golden Second in consideration of the allotment of two shares to Mr. Fok in aggregate. On 20 May 2016, Golden Second allotted and issued as fully paid 997 shares to Mr. Fok.

(iii) On 24 June 2016, Team Vantage entered into a sale and purchase agreement with Mr. Fok, pursuant to which Mr. Fok transferred 50 shares of Golden Second to Team Vantage at the consideration of HK$5,000,000. Following the completion of the share transfer, Golden Second was owned as to 95.0% by Mr. Fok and 5.0% by Team Vantage.

(iv) The Company was incorporated in the Cayman Islands on 7 July 2016 as an exempted company with limited liability. At the time of incorporation, the Company had an authorised share capital of HK$380,000 divided into 38,000,000 shares of the Company of HK$0.01 each and one share of the Company was allotted and issued as fully paid to a subscriber, which was transferred to Mr. Fok on the same date.

(v) On 30 September 2016, the Company acquired the entire issued share capital of Golden Second from Mr. Fok and Team Vantage in consideration of the allotment and issue 94 shares to Foxfire and 5 shares to Team Vantage. Upon the completion of transfer, Golden Second became a wholly-owned subsidiary of the Company. On the same date, Mr. Fok transferred the one share held by him to Foxfire at par.

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Pursuant to the Reorganisation detailed above, the Company has become the holding company of the companies now comprising the Group on 30 September 2016 and KY Contracting and KY Engineering are controlled by Mr. Fok before and after the Reorganisation.

Accordingly, the consolidated financial statements has been prepared under the principles of merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting Under Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 31 March 2017 include the results, changes in equity and cash flows of the companies now comprising the Group as if the group structure has been in existence throughout the year ended 31 March 2017, or since their respective dates of incorporation, where there is a shorter period.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS 12	As part of annual improvements to HKFRSs 2014–2016 cycle

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's performance and financial positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 "Disclosure initiative"

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 28. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 28, the application of these amendments has had no impact on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and revised HKFRSs in issue but not yet effective

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and related Amendments[1]
HKFRS 16	Leases[3]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC)–Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)–Int 23	Uncertainty over Income Tax Treatments[3]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[3]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[3]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[3]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after a date to be determined.

3 Effective for annual periods beginning on or after 1 January 2019.

4 Effective for annual periods beginning on or after 1 January 2021.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 "Financial Instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss;

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under Hong Kong Accounting Standard ("HKAS") 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Directors of the Company have reviewed the Group's financial assets as at 31 March 2018 and expect all financial assets are held within a business model whose objective is to collect contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, except for financial assets that are subject to expected credit loss measurement, the Group's financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 "Financial Instruments" (continued)

Impairment

In general, the Directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that are subject to the impairment provisions upon the application of HKFRS 9 by the Group.

Based on the assessment by the Directors of the Company, if the expected credit loss model were to be applied by the Group, it is unlikely that there will be material impact on the results and financial position of the Group.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "*Revenue*", HKAS 11 "*Construction contract*" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 "Revenue from Contracts with Customers" (continued)

- the Group's performance creates and enhances an asset that the customer controls as the Group performs; and
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, the revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

As regards the fire safety system installation service contract and repair and maintenance service contract, the Directors of the Company have assessed that the performance obligation is satisfied over time as the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method currently used to measure the progress towards complete satisfaction of these performance obligations will continue to be appropriate under HKFRS 15.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however the Directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 16 "Leases" (continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group had non-cancellable operating lease commitments of HK$2,026,000 as disclosed in note 21. The Directors of the Company do not expect the adoption of HKFRS 16 as compared with HKAS 17 would result in significant impact on the Group's result but expected that the above operating lease arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16.

In addition, the Group currently considers refundable rental deposits paid of HK$287,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

Except disclosed above, the Directors of the Company anticipate that the application of the new and revised HKFRSs will have no material impact on the consolidated financial statements in the future.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Companies Ordinance.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 "*Share-based payment*", leasing transactions that are within the scope of HKAS 17 "*Leases*", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "*Inventories*" or value in use in HKAS 36 "*Impairment of assets*".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The consolidated financial statements incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under control of the controlling entity.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's prospective. No amount is recognised in respect of goodwill or bargain purchase gain and contingent liabilities over cost at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where is a shorter period.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from engineering service contracts is based on the stage of completion at the end of the reporting period. The Group's policy for recognition of revenue from engineering services is described in the accounting policy for engineering service contracts below.

Service income is recognised when the services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Engineering service contracts

Where the outcome of an engineering service contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of each reporting period, measured based on the proportion that revenue recognised with reference to surveys of work performed to date relative to the estimated total contract revenue or the proportion that contract cost incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of an engineering service contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amount received before the related work is performed are included in the consolidated statement of financial position, as a liability, as receipt in advance. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

The Group's financial assets are loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees or points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, deposits, pledged bank deposits and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of loans and receivables below).

Interest income is recognised by applying the effective interest rate except for short-term receivables where the recognition of interest would be insignificant.

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, observable changes in national or local economic conditions that correlate with default on trade receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of loans and receivables (continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of a group entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

The Group's financial liabilities including trade payables, other payables and accrued charges are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") as defined contribution plan are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period that related services is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of benefits expected to be paid in exchange of the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by the employees up to the reporting date.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligations, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the Directors of the Company are required to make estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and the future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Engineering service contracts

The Group reviews and revises the estimates of contract revenue and contract costs prepared for each engineering service contract as the contract progresses. Budgeted engineering service costs are prepared by the management on the basis of quotations provided by the major subcontractors, suppliers or vendors involved. In order to keep the budget accurate and up-to-date, management conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

Recognised amounts of engineering service contract revenue and related receivables reflect management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going engineering service contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty. The actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment assessment on trade receivables

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the customer from the date credit was initially granted up to the end of the reporting period. The Group has a policy of allowance for bad and doubtful debts which is based on the evaluation of collectibility and ageing analysis of the accounts of each customer and on management's judgement including the creditworthiness and the past collection history of each customer. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, impairment loss may arise.

As at 31 March 2018, the carrying amount of trade receivable is HK$14,642,000, net of allowance for bad and doubtful debts of HK$467,000 (2017: carrying amount of HK$11,607,000, net of allowance for bad and doubtful debts of HK$281,000).

6. REVENUE AND SEGMENTAL INFORMATION

Revenue represents the fair value of amounts received and receivable by the Group to external customers, less discount, and is analysed as follows:

	2018 **HK$'000**	2017 HK$'000
Income from fire safety system installation services ("Fire safety system installation")	**88,730**	84,235
Income from fire safety system repair and maintenance services ("Repair and maintenance")	**13,346**	7,290
	102,076	91,525

The Group determines its operating segments based on the reports reviewed by the executive directors of the Company who are also the chief operating decision maker ("CODM") that are used to make strategic decisions. Information reported to the CODM is based on the business lines operating by the Group. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's operating and reporting segments are (i) Fire safety system installation; and (ii) Repair and maintenance.

6. REVENUE AND SEGMENTAL INFORMATION (continued)

Segment revenue and results

Year ended 31 March 2018

	Fire safety system installation HK$'000	Repair and maintenance HK$'000	Consolidated HK$'000
Revenue			
Segment revenue	**88,730**	**13,346**	**102,076**
Segment results	**29,892**	**2,381**	**32,273**
Bank interest income			**417**
Administrative expenses			**(9,104)**
Listing expenses			**(8,270)**
Finance cost			**(53)**
Profit before taxation			**15,263**

Year ended 31 March 2017

	Fire safety system installation HK$'000	Repair and maintenance HK$'000	Consolidated HK$'000
Revenue			
Segment revenue	84,235	7,290	91,525
Segment results	28,023	1,762	29,785
Bank interest income			1
Administrative expenses			(5,750)
Listing expenses			(7,435)
Finance cost			(19)
Profit before taxation			16,582

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by each segment without allocation of bank interest income, administrative expenses, listing expenses, finance cost and income tax expense.

Furthermore, as the assets and liabilities for operating segments are not provided to the Company's CODM for the purposes of resources allocation and performance assessment, no segment assets and liabilities information is presented accordingly.

6. REVENUE AND SEGMENTAL INFORMATION (continued)

Other segment information

Year ended 31 March 2018

	Fire safety system installation HK$'000	Repair and maintenance HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Amounts included in the measure of segment profit or segment assets:					
Depreciation of property and equipment	–	–	–	183	183
Allowance for bad and doubtful debts	186	–	186	–	186

Year ended 31 March 2017

	Fire safety system installation HK$'000	Repair and maintenance HK$'000	Segment total HK$'000	Unallocated HK$'000	Consolidated HK$'000
Depreciation of property and equipment	–	–	–	161	161
Allowance for bad and doubtful debts	55	–	55	–	55

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Hong Kong based on the location of services delivered. The Group's property and equipment are all located in Hong Kong by physical location of assets.

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:

	2018 HK$'000	2017 HK$'000
Customer A	–*	10,686
Customer B	18,209	11,476
Customer C	–*	9,362
Customer D	12,370	–*

* Revenue from relevant customer was less than 10% of the Group's total revenue for the respective year

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Mr. Fok and Mr. Sung Sing Yan ("Mr. Sung") were appointed as executive directors of the Company on 3 September 2016. Ms. Wu Xiaorong ("Ms. Wu") was appointed as executive director of the Company on 24 January 2018. Mr. Hung Kin Sang ("Mr. Hung"), Mr. Lee Yin Sing ("Mr. Lee") and Mr. Wan Chun Kwan ("Mr. Wan") were appointed as the independent non-executive directors of the Company on 22 September 2017. The emoluments paid or payable to the Directors and chief-executive of the Company (including emoluments for services as employee/director of the group entities prior to becoming the Directors of the Company) by entities comprising the Group during the year is as follows:

	Executive directors			Independent non-executive directors			
	Mr. Fok HK$'000 (Note (i))	Mr. Sung HK$'000	Ms. Wu HK$'000	Mr. Hung HK$'000	Mr. Lee HK$'000	Mr. Wan HK$'000	Total HK$'000
Year ended 31 March 2018							
Fees	**–**	**–**	**22**	**63**	**63**	**63**	**211**
Other emoluments							
Salaries and other benefits	**1,200**	**612**	**–**	**–**	**–**	**–**	**1,812**
Bonus (Note (ii))	**–**	**51**	**–**	**–**	**–**	**–**	**51**
Retirement benefit scheme contributions	**18**	**18**	**–**	**–**	**–**	**–**	**36**
Total emoluments	**1,218**	**681**	**22**	**63**	**63**	**63**	**2,110**
Year ended 31 March 2017							
Fees	–	–	–	–	–	–	–
Other emoluments							
Salaries and other benefits	857	612	–	–	–	–	1,469
Bonus (Note (ii))	–	291	–	–	–	–	291
Retirement benefit scheme contributions	18	18	–	–	–	–	36
Total emoluments	875	921	–	–	–	–	1,796

Notes:

(i) Mr. Fok acts as chief executive of the Group.

(ii) The discretionary bonus is determined by reference to the duties and responsibilities of the relevant individual within the Group and the Group's performance.

(iii) The emoluments of executive directors shown above were for their services in connection with the management of the affairs of the Group and the Company. The emoluments of independent non-executive directors shown above were for their services as a Director of the Company.

7. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' and chief executive's emoluments (continued)

During both years, no remuneration was paid by the Group to the Directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors waived any remuneration during both years.

(b) Employees' emoluments

The five highest paid individuals included Mr. Fok and Mr. Sung whose emoluments are included in the disclosures in note 7(a) above. The emoluments of the remaining three individuals were as follows:

	2018 HK$'000	2017 HK$'000
Salaries and other benefits	**2,418**	2,247
Bonus	**222**	273
Retirement benefit scheme contributions	**54**	49
	2,694	2,569

Their emoluments were within the following bands:

	2018 Number of employees	2017 Number of employees
Nil to HK$1,000,000	**2**	2
HK$1,000,001 to HK$1,500,000	**1**	1

During both years, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

8. FINANCE COST

	2018 HK$'000	2017 HK$'000
Interest on bank borrowing	**53**	19

9. PROFIT BEFORE TAXATION

	2018 HK$'000	2017 HK$'000
Profit before taxation has been arrived at after charging:		
Staff costs		
Directors' remuneration (note 7)	**2,110**	1,796
Other staff costs		
Salaries and other benefits	**10,361**	8,599
Retirement benefits scheme contributions	**408**	300
Total staff costs	**12,879**	10,695
Auditor's remuneration	**1,000**	22
Depreciation of property and equipment	**183**	161
Allowance for bad and doubtful debts, net (included in other losses)	**186**	55
Minimum lease payments under operating leases in respect of land and buildings	**1,002**	725

10. INCOME TAX EXPENSE

	2018 HK$'000	2017 HK$'000
Hong Kong Profits Tax:		
Current tax	**3,927**	4,012
Overprovision in prior years	**(20)**	–
	3,907	4,012

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

10. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before taxation as follows:

	2018 **HK$'000**	2017 HK$'000
Profit before taxation	**15,263**	16,582
Tax at Hong Kong Profits Tax rate of 16.5%	**2,518**	2,736
Tax effect of expenses not deductible for tax purpose	**1,456**	1,292
Tax effect of income not taxable for tax purpose	**(69)**	–
Overprovision in prior years	**(20)**	–
Others	**22**	(16)
Income tax expense for the year	**3,907**	4,012

11. DIVIDENDS

No dividend has been paid or declared during both years, nor has any dividend been proposed since the end of the reporting period.

12. EARNINGS PER SHARE

	2018 **HK$'000**	2017 HK$'000
Earnings:		
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	**11,356**	12,269
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**514,932**	443,959

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and the capitalisation issue (as disclosed in note 20), had been effective on 1 April 2016.

No diluted earnings per share is presented as there is no potential dilutive ordinary shares outstanding for both years.

13. PROPERTY AND EQUIPMENT

	Leasehold Improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 April 2016	85	664	306	1,055
Additions	330	148	–	478
At 31 March 2017	415	812	306	1,533
Additions	407	84	–	491
At 31 March 2018	822	896	306	2,024
DEPRECIATION				
At 1 April 2016	85	459	245	789
Provided for the year	11	89	61	161
At 31 March 2017	96	548	306	950
Provided for the year	80	103	–	183
At 31 March 2018	176	651	306	1,133
CARRYING AMOUNTS				
At 31 March 2018	646	245	–	891
At 31 March 2017	319	264	–	583

The above items of property and equipment are depreciated on a straight-line basis over the following terms or at the following rates per annum:

Leasehold improvements	Over lease terms or useful lives of 5 years, whichever is shorter
Furniture, fixtures and equipment	20%
Motor vehicles	20%

14. TRADE RECEIVABLES

The Group grants credit terms of 0-30 days to its customers from the date of invoices on progress payments of contract works. An ageing analysis of the trade receivables presented based on the invoice date at the end of the reporting period.

	2018 HK$'000	2017 HK$'000
0–30 days	**8,312**	3,948
31–60 days	**2,236**	4,568
61–90 days	**1,942**	693
91–180 days	**951**	1,686
181–365 days	**1,201**	712
	14,642	11,607

14. TRADE RECEIVABLES (continued)

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly. Approximately 16% of trade receivables as at 31 March 2018 (2017: 17%), that are neither past due nor impaired have good credit quality. These customers have no default of payment in the past.

The Group has a policy for allowance of bad and doubtful debts which is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement including the creditworthiness and the past collection history of each customer.

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately HK$12,363,000 which are past due at 31 March 2018 (2017: HK$9,574,000), for which the Group has not provided for impairment loss as there has not been a significant change in credit quality of the trade receivable and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 70 days as at 31 March 2018 (2017: 74 days).

Ageing analysis of trade receivables which are past due but not impaired

	2018 **HK$'000**	2017 HK$'000
Number of days overdue:		
1–30 days	**8,269**	6,484
31–60 days	**1,942**	693
61–150 days	**951**	1,686
151–365 days	**1,201**	711
Total	**12,363**	9,574

Movement in allowance for bad and doubtful debts

	2018 **HK$'000**	2017 HK$'000
Balance of beginning of the year	**281**	226
Impairment losses recognised	**209**	125
Bad debt recovered	**(23)**	(70)
Balance at end of the year	**467**	281

Included in the allowance for bad and doubtful debts are individually impaired trade receivables with an aggregate balance of HK$467,000 as at 31 March 2018 (2017: HK$281,000), which have been overdue for a long period of time. The Group does not hold any collateral over these balances.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of each reporting period. The Directors of the Company believe that no further impairment is required in excess of the allowance for bad and doubtful debts. The Directors of the Company write off the bad and doubtful debts when the debtor is liquidated.

15. DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Rental deposits	**287**	179
Other deposits and receivables	**254**	160
Prepayments	**548**	16
Deferred listing expenses	**–**	2,315
Total	**1,089**	2,670
Presented as non-current assets	**457**	179
Presented as current assets	**632**	2,491
Total	**1,089**	2,670

16. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	As at 31 March	
	2018	2017
	HK$'000	HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised loss	**166,374**	119,743
Less: Progress billings	**(148,866)**	(108,992)
Total	**17,508**	10,751
Analysed as:		
Amounts due from customers for contract work	**21,537**	12,585
Amounts due to customers for contract work	**(4,029)**	(1,834)
	17,508	10,751

Unbilled retention receivables of HK$8,078,000 are included in the above contracts in progress as at 31 March 2018 (2017: 4,429,000). Retention monies withheld by customers of contract works are unsecured, interest-free and recoverable after the completion of defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 to 2 years from the date of completion of respective engineering service projects.

16. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK (continued)

The unbilled retention receivables are to be settled, based on the expiring of the defect liability period, at the end of each reporting period as follows.

	As at 31 March	
	2018 **HK$'000**	2017 HK$'000
On demand or within one year	**5,206**	3,544
After one year	**2,872**	885
	8,078	4,429

17. PLEDGED BANK DEPOSITS, BANK BALANCES

Pledged bank deposits represent deposits pledged to banks to secure the bank facilities (including performance guarantee as disclosed in note 27) granted to the Group, and carried with prevailing market interest rate ranging from 0.01% to 1.25% per annum.

Bank balances comprise short term bank deposits with an original maturity of three months or less and carrying interest at prevailing market rate from 0.01% to 1.25% per annum.

18. TRADE PAYABLES

The average credit period of trade payables granted by subcontractors and suppliers is from 30 to 60 days upon the issue of invoices or application of interim payment generally.

The following is an aging analysis of trade payables based on the invoice dates or the dates of application of interim payment, as appropriate.

	As at 31 March	
	2018 **HK$'000**	2017 HK$'000
0 to 30 days	**2,707**	6,106
31 to 60 days	**651**	975
Over 60 days	**840**	687
	4,198	7,768

19. OTHER PAYABLES AND ACCRUED CHARGES

	As at 31 March	
	2018 **HK$'000**	2017 HK$'000
Accrued charges	**1,745**	540
Receipt in advance	**548**	974
	2,293	1,514

20. SHARE CAPITAL

The share capital as at 1 April 2016 represented the share capital of Golden Second. The share capital as at 31 March 2017 and 2018 represented the share capital of the Company.

The movement in the Company's authorised and issued ordinary share capital are as follows:

Ordinary shares of HK$0.01 each	**Number of share**	**Amount** HK$'000
Authorised:		
At 7 July 2016 (date of incorporation) and 31 March 2017 (Note (i))	38,000,000	380
Increase on 22 September 2017 (Note (iii))	9,962,000,000	99,620
At 31 March 2018	10,000,000,000	100,000
Issued and fully paid:		
At 7 July 2016 (date of incorporation) (Note (i))	1	–
Issue of new shares on Reorganisation (Note (ii))	99	–
At 31 March 2017	100	–
Capitalisation issue (Note (iv))	449,999,900	4,500
Issue of new shares upon the Listing (Note (v))	150,000,000	1,500
At 31 March 2018	600,000,000	6,000

Notes:

(i) The Company was incorporated in the Cayman Islands on 7 July 2016 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of the Company of HK$0.01 each and one share of the Company was allotted and issued as fully paid.

(ii) On 30 September 2016, 99 shares of the Company were allotted and issued for acquisition of Golden Second as set out in note 2(v).

(iii) Pursuant to written resolutions passed by the shareholders on 22 September 2017, the authorised share capital of the Company was increased to HK$100,000,000 by the creation of 9,962,000,000 new shares of HK$0.01 each.

(iv) Pursuant to written resolutions passed by the shareholder on 22 September 2017, conditional upon the share premium account of the Company was credited as a result of the allotment and issue of the Company's shares, the directors of the Company were authorised to capitalise the amount of HK$4,499,000 from the amount standing to the credit of the share premium account of the Company and to apply such amount to pay up in full at par 449,999,900 shares of the Company for the allotment and issue. The capitalisation issue was completed on 25 October 2017.

(v) The shares of the Company were listed on the GEM of the Stock Exchange on 25 October 2017. 150,000,000 ordinary shares were issued at an offer price of HK$0.46 per share with gross proceeds of HK$69,000,000.

21. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2018 **HK$'000**	2017 HK$'000
Within one year	**1,146**	559
In the second to fifth years inclusive	**880**	223
	2,026	782

21. OPERATING LEASE COMMITMENTS (continued)

The Group as lessee (continued)

Operating lease payments represent rentals payable by the Group for offices premises and certain equipment for both years. These leases are negotiated for terms ranging from one to two years. None of the leases include any contingent rentals.

22. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remuneration of Directors and other members of key management during the year is as follows:

	2018 **HK$'000**	2017 HK$'000
Short-term benefits	**4,945**	4,196
Bonus	**399**	684
Post-employment benefit	**108**	103
	5,452	4,983

23. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted, pursuant to a resolution passed on 22 September 2017 which became effective and unconditional upon the Listing, for the purpose of providing incentives to any full-time or part-time employee of the Company or any member of the Group, including any executive, non-executive directors and independent non-executive directors, advisors, consultants of the Group for their contribution to the Group. Unless otherwise terminated or amended, the Scheme will remain in force for 10 years.

Pursuant to the Scheme, the aggregate number of shares which may be issued upon exercise of all options to be granted under the Scheme, and other schemes offered by the Company, as from the date of adoption of the Scheme, shall not exceed 60,000,000 shares, being 10% of the shares in issue on the listing date. The overall limit on the number of shares which shall be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme, and other schemes offered by the Company, shall not exceed 30% of the issued share capital of the Company from time to time. The total number of shares issued, and to be issued, upon exercise of options granted in accordance with the Scheme to each eligible participant in any 12-month period shall not exceed 1% of the issued share capital of the Company. The option shall remain open for acceptance by the eligible participant for a period of not less than 5 business days. HK$1 shall be payable by the participants on acceptance of the offer of the Scheme.

The exercisable period of the share options granted is determinable by the board of directors, but no later than 10 years from the date of grant of the options. The subscription price for the shares in respect of which options are granted is determinable by board of directors, but shall be no less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the options; and (iii) the nominal value of a Company's share.

No share option has been granted, exercised, expired, cancelled or lapsed under Scheme since its adoption by the Company and up to 31 March 2018.

24. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising issued share capital disclosed in note 20 and reserves as disclosed in consolidated statement of changes in equity.

The Directors of the Company review the capital structure regularly taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through issuance of new shares and the raise of borrowings.

25. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2018 HK$'000	2017 HK$'000
Financial assets		
Loans and receivables (including pledged bank deposits and bank balances)	**83,666**	23,924
Financial liabilities		
Amortised cost	**5,943**	8,308

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, deposits, pledged bank deposits, bank balances, trade payables, other payables and accrued charges. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risks

Currency risk

The Group has limited currency exposure as both the sales and direct costs were denominated in the functional currency of the respective group entities. Accordingly, the management considers that the Group's exposure to foreign currency risk is minimal.

Interest rate risk

The Group's cash flow interest rate risk primarily relates to the pledged bank deposits and bank balances (as disclosed in note 17) as at 31 March 2018 and 2017.

The Group has not used any interest rate swaps to mitigate its exposure associated with interest rate risk. However, the management of the Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

In the opinion of management of the Group, the expected change in interest rate will not have significant impact on the interest income on pledged bank deposits and bank balances, hence sensitivity analysis is not presented.

25. FINANCIAL INSTRUMENTS (continued)

Financial risk management objectives and policies (continued)

Credit risk

The Group's credit risk is primarily attributable to trade receivables, pledged bank deposits and bank balances.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position at the end of the reporting period.

Management adopted a policy on providing credit facilities to new customers. A credit investigation, including assess to financial information, advice from business partners in relation to potential customers and credit search, would be required to be launched. The level of credit granted must not exceed a predetermined level set by the management. Credit evaluation is performed on a regular basis.

The Group has concentration of credit risks with exposure limited to certain customers as 25% (2017: 45%) and 62% (2017: 68%) of the total trade receivables was due from the Group's largest debtor and the five largest debtors, respectively. The management of the Group closely monitors the subsequent settlement of the customers. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk for pledged bank deposits and bank balances is considered not material as such amounts are placed in banks with good reputations.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	Weighted average effective interest rate %	**Repayable on demand** HK$'000	**Within 1 year** HK$'000	**Total undiscounted cash flows** HK$'000	**Total carrying amounts** HK$'000
At 31 March 2018					
Trade payables	N/A	–	4,198	4,198	4,198
Other payables and accrued charges	N/A	–	1,745	1,745	1,745
		–	5,943	5,943	5,943
At 31 March 2017					
Trade payables	N/A	–	7,768	7,768	7,768
Other payables and accrued charges	N/A	–	540	540	540
		–	8,308	8,308	8,308

25. FINANCIAL INSTRUMENTS (continued)

Fair value measurements of financial instruments

Liquidity risk (continued)

Management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

26. RETIREMENT BENEFIT PLAN

The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Except for voluntary contribution, no forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The cap of contribution amount was HK$1,500 per employee per month.

The retirement benefits schemes contributions arising from the MPF Scheme charged to the consolidated statements of profit or loss and other comprehensive income represent contributions paid or payable to the funds by the Group at rates specified in the rules of the schemes.

The contributions paid and payable to the schemes by the Group are disclosed in notes 7 and 9.

27. PERFORMANCE GUARANTEE

As at 31 March 2018, performance guarantee of approximately HK$1,078,000 (2017: HK$881,000) were given by a bank in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and their customers. If the Group fails to provide satisfactory performance to their customers to whom performance guarantee have been given, such customers may demand the bank to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such bank accordingly. The performance guarantee will be released upon completion of the contract works. The performance guarantees were secured by the pledged bank deposits as disclosed in note 17.

At the end of each reporting period, the Directors of the Company do not consider it is probable that a claim will be made against the Group.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Accrued share issue cost HK$'000	**Bank borrowing** HK$'000	**Total** HK$'000
At 1 April 2017	–	–	–
Financing cash flows (Note)	(7,022)	(53)	(7,075)
Transferred from deferred listing expenses	(2,315)	–	(2,315)
Share issue cost recognised	9,337	–	9,337
Interest expense	–	53	53
At 31 March 2018	–	–	–

Note: The financing cash flows include the transaction costs directly attributable to issue of shares, new bank borrowing raised, repayments of a bank borrowing and related interest paid.

29. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation	Place of operation	Issued and full paid share capital	Attributable equity interest of the Group as at 31 March 2018	2017	Principal activities
KY Contracting	Hong Kong	Hong Kong	HK$610,000	100%	100%	Provision of fire safety services
KY Engineering	Hong Kong	Hong Kong	HK$10,000	100%	100%	Provision of fire safety services
Golden Second	BVI	BVI/Hong Kong	USD50,000	100%	100%	Investment holding

None of the subsidiaries had issued any debt securities at the end of the reporting period or at any time during both years.

30. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2018 HK$'000	2017 HK$'000
Non-current asset		
Investments in a subsidiary	**12,977**	12,977
Current assets		
Prepayments	**548**	–
Deferred listing expenses	**–**	2,315
Bank balances	**56,687**	–
	57,235	2,315
Current liabilities		
Other payables and accrued expenses	**(1,462)**	–
Amount due to a subsidiary	**(11,406)**	(9,750)
	(12,868)	(9,750)
Net current assets (liabilities)	**44,367**	(7,435)
Total assets less current liabilities	**57,344**	5,542
Capital and reserves		
Share capital	**6,000**	–*
Reserves	**51,344**	5,542
	57,344	5,542

* Amount less than HK$1,000

Movement in the Company's reserves

	Share premium HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 7 July 2016 (date of incorporation)	–	–	–	–
Loss and total comprehensive expense for the period	–	–	(7,435)	(7,435)
Issue of shares on Reorganisation	–	12,977	–	12,977
At 31 March 2017	–	12,977	(7,435)	5,542
Loss and total comprehensive expense for the year	–	–	(7,861)	(7,861)
Capitalisation issue (note 20(iv))	(4,500)	–	–	(4,500)
Issue of shares upon share offer (note 20(v))	67,500	–	–	67,500
Transaction costs directly attributable to issue of shares	(9,337)	–	–	(9,337)
At 31 March 2018	53,663	12,977	(15,296)	51,344

Financial Summary

RESULTS

Consolidated results	For the year ended 31 March **2018** **HK$'000**	2017 HK$'000	2016 HK$'000	2015 HK$'000
Revenue	**102,076**	91,525	74,722	46,100
Gross profit	**32,459**	29,840	25,531	17,411
Profit before taxation	**15,263**	16,582	21,860	14,586
Profit for the year	**11,356**	12,570	18,208	12,191

ASSETS AND LIABILITIES

Consolidated assets and liabilities	For the year ended 31 March **2018** **HK$'000**	2017 HK$'000	2016 HK$'000	2015 HK$'000
Total assets	**107,132**	39,602	26,808	26,911
Total liabilities	**10,520**	14,009	13,785	7,635
Net assets	**96,612**	25,593	13,023	19,276