



LUMINA GROUP LIMITED

螢嵐集團有限公司

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

2019
INTERIM REPORT

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given that the companies 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 of the Stock Exchange 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 respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Fok Hau Fai
(*Chairman and Chief Executive Officer*)
Mr. Sung Sing Yan

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
(resigned on 10 July 2019)
Pulsar Capital Limited
(appointed on 10 July 2019)

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
One member of the senior management

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISOR

TC & Co., Solicitors

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 54, 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

INTERIM RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months and six months ended 30 September 2019 (the “**Relevant Period**”), together with the unaudited comparative figures for the corresponding periods in 2018, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2019

	Notes	Three months ended 30 September		Six months ended 30 September	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue	4	27,663	27,245	55,178	51,674
Direct costs		(18,717)	(18,376)	(37,046)	(35,386)
Gross profit		8,946	8,869	18,132	16,288
Bank interest income		180	199	355	323
Impairment loss allowance of trade receivables and contract assets, net of reversal		(190)	-	(190)	-
Administrative expenses		(2,621)	(2,072)	(5,258)	(5,043)
Other expense		(2,742)	-	(3,262)	-
Finance cost		(4)	-	(9)	-
Profit before taxation	5	3,569	6,996	9,768	11,568
Income tax expense	6	(1,025)	(1,133)	(1,933)	(1,850)
Profit and total comprehensive income for the period attributable to owners of the Company		2,544	5,863	7,835	9,718
Earnings per share					
Basic (HK cents)	7	0.42	0.98	1.31	1.62

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	Notes	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Non-current assets			
Property and equipment	9	838	971
Deposits		293	293
Right-of-use asset		233	-
		1,364	1,264
Current assets			
Trade receivables	10	16,800	15,645
Deposits and prepayments		556	552
Contract assets		49,510	46,869
Pledged bank deposits		3,086	2,072
Bank balances		71,665	65,366
		141,617	130,504
Current liabilities			
Trade payables	11	9,505	8,266
Other payables and accrued charges		1,943	1,974
Lease liability		237	-
Tax payable		2,758	825
		14,443	11,065
Net current assets		127,174	119,439
Net assets		128,538	120,703
Capital and reserves			
Share capital	12	6,000	6,000
Reserves		122,538	114,703
Total equity		128,538	120,703

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Share capital HK\$'000	Share premium HK\$'000	Other reserve HK\$'000	Accumulated profits HK\$'000	Total equity HK\$'000
At 1 April 2019 (audited)	6,000	53,663	921	60,119	120,703
Profit and total comprehensive income for the period	-	-	-	7,835	7,835
At 30 September 2019 (unaudited)	6,000	53,663	921	67,954	128,538
At 1 April 2018 (audited)	6,000	53,663	921	36,028	96,612
Profit and total comprehensive income for the period	-	-	-	9,718	9,718
At 30 September 2018 (unaudited)	6,000	53,663	921	45,746	106,330

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net cash from (used in) operating activities	7,084	(405)
Net cash used in investing activities	(672)	(1,476)
Net cash used in financing activities	(113)	-
Net increase (decrease) in cash and cash equivalents	6,299	(1,881)
Cash and cash equivalents at beginning of the period	65,366	67,862
Cash and cash equivalents at end of the period, represented by bank balances	71,665	65,981

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

1. GENERAL

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 on 25 October 2017 (the “**Listing**”). The registered office of the Company is located at Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business is located at 1/F., R&T Centre, No 81-83 Larch Street, Tai Kok Tsui, Kowloon, Hong Kong.

The Company’s immediately and ultimate holding company is Foxfire Limited (“**Foxfire**”), a private company incorporated in the British Virgin Islands and wholly owned by Mr. Fok Hau Fai (“**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 unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institution of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of the GEM Listing Rules and the Hong Kong Companies Ordinance.

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the Relevant Period are consistent with those applied in the audited consolidated financial statements for the year ended 31 March 2019 except for the new and revised standards, amendments and interpretations (“**new and revised HKFRSs**”) issued by the HKICPA that are adopted for the first time for the current period’s financial statement.

The unaudited condensed consolidated financial statements of the Group for the Relevant Period have been prepared under the historical cost basis.

The unaudited condensed consolidated financial statements for the Relevant Period have not been audited by the Company’s independent auditor, but have been reviewed by the Company’s Audit Committee.

The preparation of the unaudited condensed consolidated financial statements of the Group for the Relevant Period is in conformity with the HKFRSs requirements in the use of certain critical accounting estimates. The HKFRSs also require the management to exercise their judgements in the process of applying the Group’s accounting policies.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

During the Period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 April 2019. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards (“**HKASs**”), and Interpretations.

Except as described below for the HKFRS 16, the Directors considered that the application of the other new and revised HKFRSs and HKASs do not have material impact on the Group’s current period’s financial statements.

The Group transitioned to HKFRS 16 in accordance with the modified retrospective approach and therefore comparative figures were not restated. Upon application of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of HKAS 17 “Leases”. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 April 2019. The associated right-of-use assets were measured at the amount equal to the respective lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized as at 31 March 2019.

The Group also decided not to apply HKFRS 16 to leases whose terms will end within twelve months from the date of initial application. In such cases, the leases are accounted for as short-term leases and the lease payments associated with the leases are recognised as an expense from short-term leases.

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial period beginning on 1 April 2019. The Directors anticipate that the new and revised HKFRSs will be adopted in the Group’s unaudited condensed consolidated financial statements when they become effective. The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of fire safety system installation and repair and maintenance services by the Group to external customers in Hong Kong. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these services based on the stage of completion of the contract using input method.

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Type of Services:				
- Fire safety system installation	26,376	23,753	52,874	44,965
- Fire safety system repair and maintenance ("Repair and maintenance")	1,287	3,492	2,304	6,709
	27,663	27,245	55,178	51,674

Segment information

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

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

	Six months ended 30 September 2019		
	Fire safety system installation HK\$'000 (Unaudited)	Repair and maintenance HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Revenue			
Segment revenue	52,874	2,304	55,178
Segment results	17,434	508	17,942
Bank interest income			355
Administrative expenses			(5,258)
Other expenses			(3,262)
Finance cost			(9)
Profit before taxation			9,768
	Six months ended 30 September 2018		
	Fire safety system installation HK\$'000 (Unaudited)	Repair and maintenance HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Revenue			
Segment revenue	44,965	6,709	51,674
Segment results	14,835	1,453	16,288
Bank interest income			323
Administrative expenses			(5,043)
Profit before taxation			11,568

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

4. REVENUE AND SEGMENT INFORMATION (continued)

Segment information (continued)

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 2. Segment results represents the profit earned by each segment without allocation of bank interest income, administrative expenses, other expenses and finance cost.

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.

Geographical information

No geographical 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.

5. PROFIT BEFORE TAXATION

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Profit before taxation has been arrived at after charging:				
Staff costs				
Directors' remuneration	552	582	1,104	1,164
Other staff costs				
Salaries and other benefits	2,328	2,764	4,625	5,745
Retirement benefits scheme contributions	106	121	208	233
Total staff costs	2,986	3,467	5,937	7,142
Auditor's remuneration	250	250	500	500
Minimum lease payments under operating leases in respect of land and buildings	256	304	511	608
Depreciation of property and equipment	66	80	146	145
Depreciation of right-of-use asset	54	-	108	-

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

6. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Hong Kong Profits Tax – current tax	1,025	1,133	1,933	1,850

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

7. EARNINGS PER SHARE

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

	Three months ended 30 September		Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Earnings:				
Earnings for the purpose of calculating basic earnings per share (profit for the period attributable to owners of the Company)	2,544	5,863	7,835	9,718
	2019 '000	2018 '000	2019 '000	2018 '000
Number of shares:				
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	600,000	600,000	600,000	600,000

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (for the six months ended 30 September 2018: Nil).

9. PROPERTY AND EQUIPMENT

During the Relevant Period, the Group acquired property and equipment amounting to approximately HK\$13,000 (for the six months ended 30 September 2018: approximately HK\$349,000).

10. TRADE RECEIVABLES

The Group grants credit terms of nil-30 days to its customers from the date of invoices on progress payments of contract works. The following is an ageing analysis of trade receivables net of credit loss presented based on the invoice dates at the end of the reporting period:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
0-30 days	11,715	8,812
31-60 days	760	2,225
61-90 days	618	977
91-180 days	182	1,276
181-365 days	2,027	1,313
Over 365 days	1,498	1,042
	16,800	15,645

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

11. TRADE PAYABLES

The credit period of trade payables granted by subcontractors and suppliers is usually from nil to 60 days upon the issue of invoices or application of interim payment. The following is an ageing analysis of trade payables presented based on the invoice dates or the dates of the application of interim payment, as appropriate:

	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
0-30 days	6,605	7,511
31-60 days	2,253	639
Over 60 days	648	116
	9,506	8,266

12. SHARE CAPITAL

Details of the share capital of the Company are disclosed as follows:

	Number of share	Amount HK\$'000 (Unaudited)
Ordinary shares of HK\$0.01 each		
<i>Authorised:</i>		
At 31 March 2019 and 30 September 2019	10,000,000,000	100,000
<i>Issued and fully paid:</i>		
At 31 March 2019 and 30 September 2019	600,000,000	6,000

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2019

13. RELATED PARTY DISCLOSURES

Compensation of key management personnel

The remuneration of Directors and other members of key management during the six months ended 30 September 2019 and 2018 are as follows:

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Short-term benefits	2,022	3,322
Post-employment benefits	45	72
	2,067	3,394

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, The Government of the Hong Kong Special Administrative Region.

The Group has been promoted from Group I to Group II (on probation) under the “Fire Service Installation” category of the List of Approved Suppliers of Materials and Specialist Contractors for Public Works maintained by the Development Bureau of Hong Kong. Once the Group II status is confirmed, the Group will be eligible to tender for public fire service installation works in Hong Kong of unlimited amount (HK\$2.3 million under Group I), thus broadening the Group’s business opportunities for public works. The Directors believe the status as an approved contractor for public works also enhances the Group’s corporate image as it is one of the factors considered by the Group’s existing and potential customers when sourcing fire safety service providers.

Looking forward, the Directors consider that the future opportunities which the Group faces will be affected by the development of the commercial and residential buildings 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 for the demand for fire safety services in Hong Kong.

The Group will continue to focus on strengthening its market position in the industry. Recently the Group has secured new projects, together with the ongoing projects in hand, we expect that our revenue could be sustained for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue increased from approximately HK\$51.7 million for the six months ended 30 September 2018 to approximately HK\$55.2 million for the six months ended 30 September 2019, representing an increase of approximately 6.8%. Such slight increase was mainly attributable to the revenue generated by new contracts of fire safety system installation.

Direct Costs

Direct costs increased from approximately HK\$35.4 million for the six months ended 30 September 2018 to approximately HK\$37.0 million for the six months ended 30 September 2019, representing an increase of approximately 4.5%. Such increase was in line with the increase in revenue during the six months ended 30 September 2019.

Gross Profit

Gross profit increased from approximately HK\$16.3 million for the six months ended 30 September 2018 to approximately HK\$18.1 million for the six months ended 30 September 2019, representing an increase of approximately 11.0%. The overall gross profit margin slightly increased from approximately 31.5% for the six months ended 30 September 2018 to approximately 32.9% for the six months ended 30 September 2019. The management will continue to devote more efforts to maintain the overall gross profit margin.

Impairment Loss Allowance of Trade Receivables and Contract Assets, Net of Reversal

The Group's impairment loss allowance of trade receivables and contract assets, net of reversal, was approximately HK\$190,000 for the six months ended 30 September 2019. The Group identified trade receivables and contract assets that were credit impaired or significant to the Group and assessed their expected credit loss (the "ECL") individually. We estimated the amount of lifetime ECL of the remaining trade receivables and contract assets based on provision matrix through grouping of various debtors that had similar loss pattern, after considering internal credit ratings of trade debtors and/or past due status of respective trade receivables and contract assets.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

Administrative expenses increased from approximately HK\$5.0 million for the six months ended 30 September 2018 to approximately HK\$5.3 million for the six months ended 30 September 2019, representing an increase of approximately 6.0%. Such increase was mainly attributable to the increase in the office insurance expenses incurred during the six months ended 30 September 2019.

Other Expenses

Other expense is the professional service fees incurred in respect of the application for the Proposed Transfer of Listing, details of which are disclosed in our announcement dated 31 July 2019.

Finance Cost

Upon adoption of HKFRS 16 on 1 April 2019, the lease liability is initially measured at the present value of the lease payment that is not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payment, as well as the impact of lease modifications, amongst others. As a result, an interest expense on lease liability of approximately HK\$9,000 was recognised for the six months ended 30 September 2019.

Income Tax Expense

Income tax expense was relatively stable at approximately HK\$1.9 million for the six months ended 30 September 2019 and the six months ended 30 September 2018.

Profit and Total Comprehensive Income for the Period

Profit and total comprehensive income for the period decreased from approximately HK\$9.7 million for the six months ended 30 September 2018 to approximately HK\$7.8 million for the six months ended 30 September 2019, representing a decrease of approximately 19.6%. Such decrease was mainly attributable to the net effect of (i) the increase in revenue and gross profit; (ii) the increase in administrative expenses; and (iii) the increase in other expense.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

The Group maintained a sound financial position during the six months ended 30 September 2019. As at 30 September 2019, the Group had bank balances of approximately HK\$71.7 million (31 March 2019: approximately HK\$65.4 million) and pledged bank deposits of approximately HK\$3.1 million (31 March 2019: approximately HK\$2.1 million). The current ratio as at 30 September 2019 was approximately 9.8 times (31 March 2019: approximately 11.8 times).

GEARING RATIO

As at 30 September 2019, the Group had no interest-bearing bank and other borrowings (31 March 2019: 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 six months ended 30 September 2019. 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 30 September 2019, the Group pledged to a bank its bank deposits of approximately HK\$3.1 million (31 March 2019: approximately HK\$2.1 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 of the Group were transacted in Hong Kong Dollars which is the functional currency of all the group entities. For the six months ended 30 September 2019, there was no significant exposure to foreign exchange rate fluctuations and the Group had not maintained any hedging policy against the foreign currency risk. The management will consider hedging significant currency exposure should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 September 2019, 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\$618,000 million as at 30 September 2019 (31 March 2019: approximately HK\$1.2 million).

As at 30 September 2019, the Group did not have any capital commitment (31 March 2019: 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 "Comparison between business objectives with actual business progress" and "Use of proceeds and change in use of net proceeds" of this report, the Group had no definite future plans for acquisition of material investments and capital assets as at 30 September 2019.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were neither significant investments held as at 30 September 2019 nor acquisitions and disposals of subsidiaries during the six months ended 30 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

As at 30 September 2019, performance guarantees of approximately HK\$3.1 million (31 March 2019: approximately HK\$2.1 million) were given by a bank in favour of our 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, such 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 such bank accordingly. The performance guarantee will be released upon completion of the contract works. Our Directors do not consider it is probable that a claim will be made against our Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2019, the Group employed a total of 43 employees (31 March 2019: 48 employees). The staff costs, including Directors' emoluments, of the Group were approximately HK\$5.9 million for the six months ended 30 September 2019 (for the six month ended 30 September 2018: approximately HK\$7.1 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 September 2019 is set out below:

Business objective as stated in the Prospectus	Actual business progress up to 30 September 2019
To capture the market growth in the public sector	<ul style="list-style-type: none">• The Group has been promoted from Group I to Group II (on probation) under the “Fire Service Installation” category of the List of Approved Specialists for Public Works maintained by the Development Bureau.• Recruited one manager.• Recruited one project manager.• Recruited one assistant project manager.• Recruited six engineers and assistant engineers.
To expand and increase our fire safety system installation service capacity	<ul style="list-style-type: none">• The Group is in the process of identifying suitable business opportunities with potential customers. The Group has also committed to undertake new installation projects after Listing and has spent approximately HK\$27.5 million as initial payments and HK\$1.1 million as performance bond during the period.
To provide high quality repair and maintenance services	<ul style="list-style-type: none">• The Group has leased a new office and sponsored our staff to attend external training.• Recruited one project manager.• Recruited one supervisor.• Recruited one accounting clerk.• Recruited two project coordinators.
To enhance our information management system	<ul style="list-style-type: none">• The Group has built up a new computer system for computerising project and document process flow.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS AND CHANGE IN USE OF NET PROCEEDS

An analysis of the planned use of net proceeds as stated in the Prospectus, the revised use of net proceeds and the actual usage and unutilised amount of the net proceeds from the date of Listing and up to 30 September 2019 is set out below:

	Original planned use of net proceeds HK\$'million	Revised use of net proceeds HK\$'million	Actual usage of net proceeds up to 30 September 2019 HK\$'million	Unutilised amount of net proceeds up to 30 September 2019 HK\$'million
To capture the market growth in the public sector	4.8	2.8	2.8	-
To expand and increase our fire safety system installation services capacity	25.3	30.3	28.6	1.7
To provide high quality repair and maintenance services	8.4	5.4	3.5	1.9
To enhance our information management system	1.5	1.5	0.7	0.8
To use for working capital	4.0	4.0	4.0	-
	44.0	44.0	39.6	4.4

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 net proceeds has been applied in accordance with the actual development of the market.

As at 30 September 2019, approximately HK\$39.6 million out of the net proceeds from the Listing had been used. The unutilised net proceeds of approximately HK\$4.4 million has been deposited in licensed banks as at 30 September 2019.

Subsequent to 30 September 2019 and up to the date of this report, an additional approximately HK\$0.7 million was utilised for the provision of high quality repair and maintenance services. The remaining unutilised net proceeds of approximately HK\$3.7 million has been deposited in licensed banks.

MANAGEMENT DISCUSSION AND ANALYSIS

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; and
- (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.

MANAGEMENT DISCUSSION AND ANALYSIS

DISCLOSURE OF INTERESTS

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

As at 30 September 2019, 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 Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) (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	71.25%

Note: These shares are registered in the name of 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%

MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, as at 30 September 2019, 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 referred 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 30 September 2019, 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	71.25%

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

Save as disclosed above, as at 30 September 2019, 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.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 22 September 2017 (the "Scheme"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

No share option has been granted since the adoption of the Scheme and there was no share option outstanding as at 30 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme, during the six months ended 30 September 2019, 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 30 September 2019, none of the Directors or chief executives of the Company held any share options of the company.

COMPETING INTERESTS

The Directors are not aware of any business or interest of the Directors nor the controlling shareholder of the Company nor any of their respective associates (as defined in the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 September 2019.

INTEREST OF COMPLIANCE ADVISER

With effect from 10 July 2019, CLC International Limited (“**CLC**”) has resigned as the compliance adviser of the Company and the compliance adviser agreement entered into between the Company and CLC on 28 September 2017 (the “**CLC Agreement**”) has been terminated. The Company has appointed Pulsar Capital Limited (“**Pulsar**”) as the new compliance adviser of the Company and signed a compliance adviser agreement with Pulsar (the “**Pulsar Agreement**”) with effect from 10 July 2019.

As at 30 September 2019 and up to the date of this report, except for the Pulsar Agreement, neither Pulsar nor any of their directors, employees or close associates (as defined in the GEM Listing Rules) has any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2019 and up to the date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE GOVERNANCE CODE

The Company has complied with the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 of the GEM Listing Rules, except for the deviation from CG Code provision A.2.1.

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Fok is the chairman and the chief executive officer of our Company. In view of Mr. Fok has been operating and managing Kin Ying Contracting Limited and Kin Ying F.S. Engineering Limited (group companies) since 2002 and 2008 respectively, the Board believes that it is in the best interest of our Group to have Mr. Fok taking up both roles for effective management and business development. The Board considers that the balance of power and authority is adequately ensured by the operations of the Board which comprises experienced and high-caliber individuals, with three of them being Independent Non-executive Directors.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted a code of provisions of conduct regarding securities transactions by the Directors (the “**Code of Conduct**”) on terms no less exacting than the required standards of dealings concerning securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry to all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct during the six months ended 30 September 2019 and up to the date of this report.

AUDIT COMMITTEE

The Board has established an audit committee (the “**Audit Committee**”) on 22 September 2017 with its written terms of reference in compliance with paragraphs C3.3 and C3.7 of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control and risk management systems of the Group, nominate and monitor external auditors and to provide advices and comments to the Board on matters related to corporate governance. The Audit Committee consists of three members, namely Mr. Lee Yin Sing, Mr. Hung Kin Sang and Mr. Wan Chun Kwan, all being Independent Non-executive Directors of the Company. Mr. Lee Yin Sing currently serves as the chairman of the Audit Committee.

The Audit Committee has reviewed this report and the unaudited condensed consolidated results of the Group for the six months ended 30 September 2019 and the effectiveness of internal control system.



MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has been taken place subsequent to 30 September 2019 and up to the date of this report.

By Order of the Board
Lumina Group Limited
Fok Hau Fai
Chairman and Chief Executive Officer

Hong Kong, 11 November 2019

As at the date of this report, the Board consists of two Executive Directors, namely Mr. Fok Hau Fai and Mr. Sung Sing Yan and three Independent Non-executive Directors namely Mr. Hung Kin Sang, Mr. Lee Yin Sing and Mr. Wan Chun Kwan.